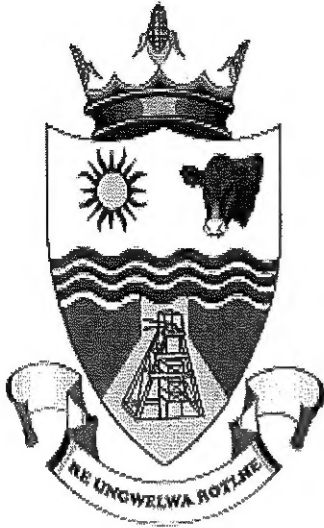


ANNUAL BUDGET OF JOE MOROLONG LOCAL MUNICIPALITY



JOE MOROLONG
LOCAL MUNICIPALITY

(NC 451)

2016/17 TO 2018/19 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

Copies of this document can be viewed:

- **In the foyers of all municipal buildings**
- **All public libraries within the municipality**
- **At www.treasury.gov.za**
- **At www.joemorolong.gov.za**

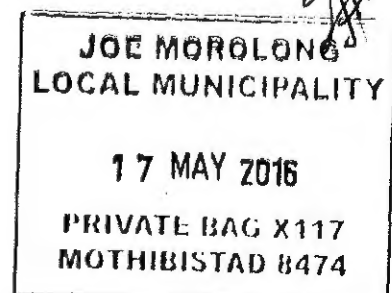


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JOE MOROLONG
LOCAL MUNICIPALITY
17 MAY 2016
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MOTHIBISTAD 8474

Glossary

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities

AFS- Annual Financial Statements

Budget – The financial plan of the Municipality

Budget Related Policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of Financial Performance

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period

CFO - Chief Financial Officer

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services

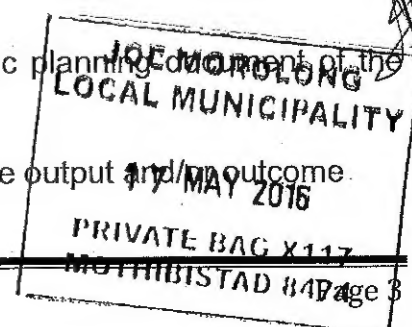
Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

KPI's – Key Performance Indicators. Measures of service output and/or outcome.



MFMA – The Municipal Finance Management Act – No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous three years and current years' financial position

NT – National Treasury

Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand

R&M – Repairs and maintenance on property, plant and equipment

SCM – Supply Chain Management

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Unauthorised expenditure – Generally, spending without, or in excess of, an approved budget

Vote means one of the main segment into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and which specifies the total amount that is appropriated for the purpose of the department or functional area concerned.

Zero Based Budgeting means as opposed to incremental budgeting, zero-based budgeting means that each year's budget is drawn up independently from that of the previous year. This means that items are not included simply because they were in the previous budget. Each item has to be justified and motivated for and the purpose of each item is considered. All items in the capital are treated on a "zero-basis"



PART 1

MAYORAL BUDGET SPEECH

Madam Speaker,
Members of the Executive Committee,
Councilors,
Our Traditional Leaders,
Municipal Manager,
Senior Managers,
Guests,
Ladies and Gentlemen,
Good day to you all.

Thank you for the opportunity to present the Final Budget for the 2016/17 Financial year.

During the State of the Nation's address, the President of the Republic of South Africa, President Jacob Zuma, reminded us that, "The year 2016 marks as the 20th anniversary of the signing into law by Madiba, of the constitution of the Republic. The signing took place in Sharpsville on 10 December 1996"

We are mandated by the constitution, Chapter 7, Sec 152 to deliver basic services to our communities.

Madam Speaker, Our municipality is faced with challenges of drought and water shortage as a result of less rainfall. The water ponds have dried up, and as a result the livestock and people are forced to use one source of water to quench the thirst. Thus placing the municipality in a difficult predicament.

As council, in addressing the situation, we have been working together with the department of Agriculture and CoGTA as well as National MIG office to refurbish our boreholes in different villages within the municipality.

The average inflation rate for the past year was 5.6% and the headline inflation forecast for forthcoming financial year is estimated to be 6.6%, 6.2% and 5.9% respectively for 2017/18 and 2018/19.

It is with the aforementioned figures in mind that we still place strong emphasis on; value for money in all our procurement processes, the encouragement of savings and

the maximizing of all revenue sources for the 2016/17 financial year, as we are still striving to secure the economic progression of the Municipality.

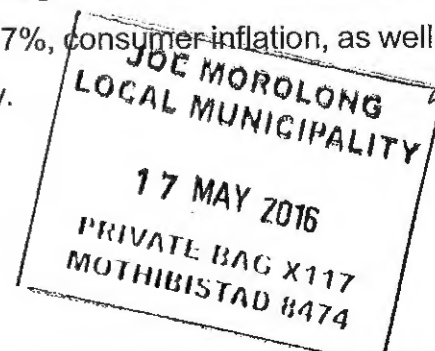
The budget I am tabling here today was prepared in accordance with the prescripts of the Municipal Finance Management Act, (Act 56 of 2003) and complies with Generally Recognized Accounting Practice as applicable to Local Government.

The budget was compiled, taking into account the Macro-economic growth parameters and also addresses the National Policy frameworks and provincial priorities including the following:

- Building of capacity for long term growth through investment in infrastructure
- Focus on core service delivery activities of local government
- Job creation and sustainable economic growth
- Participation in expanded public works programs and labour intensive projects.
- Protection of the poor through viable local economic development and strengthening of the social safety net.
- Effective and participative management through the regional management model.
- Maintaining of debt levels through debtor management as well as maximizing sources of revenue.
- Securing the health of the municipal asset base by increasing spending on repairs and maintenance.

The following underlying factors were also taken into consideration with the compilation of the 2016/17 budget:

- ❖ The National Policy framework with regards to basic service delivery to all our communities.
- ❖ External factors having a direct impact on the budget such as the Eskom tariff decrease of 9.4%, bulk water tariff increase of 7.7%, consumer inflation, as well as other cost factors influencing service delivery.



FOCUS OF THE 2016/17 BUDGET

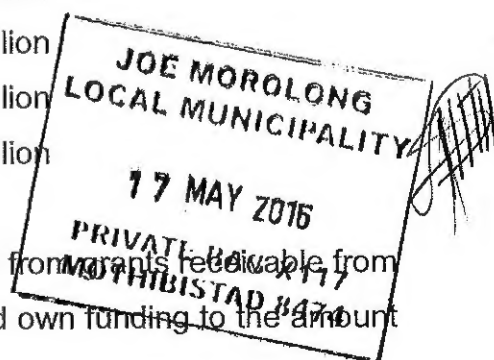
- ❖ With the 2016/17 budget, emphasis is placed on the core service delivery obligations assigned to the municipality in the constitution.
- ❖ Maintenance and renewal of existing infrastructure should enjoy preference and we are focusing on preventative and scheduled maintenance preceded by proper planning processes.
- ❖ Innovative service delivery mechanisms such as the building of internal capacity to get more value for budget allocations.
- ❖ Provision of much needed infrastructure to ensure the economic progression of our communities
- ❖ Provision of basic services, improvement of the quality infrastructures well as sustainable service delivery.

CAPITAL BUDGET

The capital budget flows from the IDP process and contains information obtained from relevant stakeholders and communities through a public participation process as well as ward committee processes where applicable. The capital budget for the 2016/17 financial year amounts to R 137 Million with the main focus on the following:

❖ Provision of water	R 90.5 Million
❖ Roads	R 20.5 Million
❖ Sanitation	R 11.7 Million
❖ Traffic Testing Centre	R 1 Million
❖ Sports & Recreations	R 5.7 Million
❖ Community Halls	R 4.0 Million
❖ Cemeteries	R 1.0 Million
❖ Computers, Offices Equipment & Other	R 1.1 Million
❖ Municipal Office Fencing	R 1.8 million

Capital projects for the 2016/17 financial year are funded from grants receivable from the National Government amounting to R 129 Million and own funding to the amount of R 8.8 Million



IN CONCLUSION

The budget we are tabling here today is another step closer in attaining the strategic goals of the municipality which includes amongst others, institutional development and transformation, service delivery to all our communities, the financial viability and sustainability of the municipality as well as good administration and public participation.

Thank you to the Municipal Manager who I believe has done an excellent job in leading the administration in the direction we both wish to move in and to the Directors and staff for their continued hard work in delivering services in line with the Municipality's vision of "A wealthy and prosperous local community with equal access to basic services and sustainable development opportunities".

I would like to thank Councillors who have a difficult task of balancing community expectation with limited resources.

I THANK YOU

M.D Moremi

MAYOR



Council's Budget Resolution

- ❖ Council of Joe Morolong Local Municipality, acting in terms of section 24 of the Municipality Finance Management Act: Act 56 of 2003, approves and adopt the Annual Budget for 2016/17 financial year and single-year capital appropriations as set-out in the core table contained in the bound budget document with effect from the a 1 July 2016.

- ✓ Table A2: Budgeted Financial Performance (expenditure by standard classification)
- ✓ Table A3: Budgeted Financial Performance (expenditure by municipal vote)
- ✓ Table A4: Budgeted Financial Performance (revenue by source)
- ✓ Table A5: Budgeted Capital Expenditure for both multi-year and single year appropriations by vote, standard classification and funding

- ❖ The council also, acting in terms of Section 75A of the municipality System Act, Act 32 of 2000, adopted with effect from 1 July 2016.

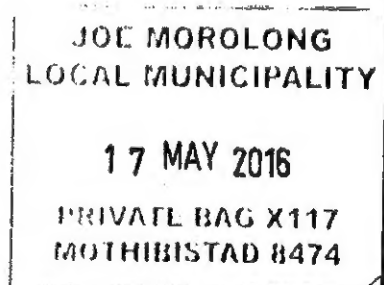
1. Tariffs for property rates, electricity, water supply, sanitation services and solid waste services and tariffs for other services.
2. And the Council of Joe Morolong approved cash backing implemented through the utilisation of bulk services fees and portion of revenue generated from property rates to ensure cash backing for unspent conditional grants for effectiveness to the Municipal budget as required by the legal prescripts, Section 8 of the municipality Budget and Reporting Regulations.



BUDGET RELATED POLICIES TABLED TO COUNCIL ALONG-SIDE WITH THE BUDGET:

- 1) Property Rates Policy
- 2) Banking and Investment Policy
- 3) Budget, Funding, Reserves & Virement Policy
- 4) Credit Control and Debt Collection Policy
- 5) Risk Management Policy
- 6) Supply Chain Management Policy
- 7) Tariffs Policy
- 8) Fruitless and Wasteful Expenditure Policy
- 9) Cash Shortage Policy
- 10) Bad Debt Write Off Policy
- 11) Asset Management Policy
- 12) Petty Cash Policy
- 13) Indigent Policy

BUDGET RESOLUTION: 169/2015/16



1 Executive Summary

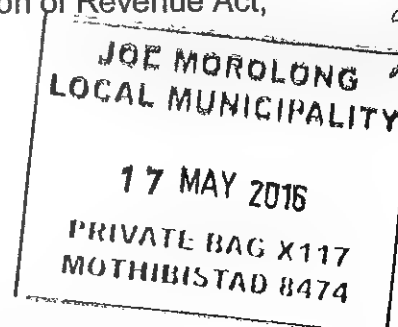
The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all members of communities.

The municipality's service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on "nice to have" items in order to save money and improve service delivery. Key areas where savings were realized were on telephone and internet usage, workshops payment and catering.

- **National Treasury's MFMA Circular No. 67, 70, 78 and 79 was used to guide the compilation of the 2016/17 MTREF.**
- **The main challenges experienced during the compilation of the 2016/17 MTREF can be summarized as follows:**
 - The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and cash position of the municipality;
 - Elimination of non-priority expenditure that does serve the interest of service delivery to communities
 - The municipality's inability to generate enough own revenue to assist the infrastructure challenges in our communities.
 - Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
 - Affordability of capital projects



- **The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:**
- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 Final budget
 - The budget was prepared on a zero base principle and some of the operational expenses such as some contracted service and fuel expenses were prepared based on the 2015/16 financial year performance.
 - Intermediate service level standards were used to inform the, targets and backlog eradication goals;
 - Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs. For the next financial year, tariffs and property rates have been increased and there are two separate tariffs and rates applicable to municipality; being the one for businesses and the other for residential
 - Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
 - There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;



In view of the aforementioned, the following table is a consolidated overview of the 2016/17 Medium-term Revenue and Expenditure Framework:

Table 1 Overview of the 2016/17 MTREF

	Adjustment Budget 2015/16 R '000	Budget Year 2016/17 R '000	Budget Year +1 2017/18 R 000	Budget Year +2 2018/19 R 000
Total Operating Revenue	R 187 900	R 161 508	R 170 563	R 179 632
Total Operating Expenditure	R 177 823	160,945	R 170 468	R167 427
(Surplus)/Deficit for the year	R 10 077	R 563	R95	R12,205
Total Capital Expenditure	R 126 501	R 140 131	R 166 162	R 191 657

Total operating revenue has decrease by R 26.4 million for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. For the two outer years, operational revenue will increase by R8.6 million and then increase by R 9.0 million respectively. This decrease of R 5.1 million in 2016/17 financial year is as result of reduction in the operational grants

Total operating expenditure for the 2016/17 financial year has been appropriated at R 160.9 million and translates into a budgeted surplus of R 0.6million. When compared to the 2015/16 Adjustments Budget, operational expenditure has decreased by R 17 million in the 2016/17 budget and will increase by R 10 million and decrease R 3 million for each of the respective outer years of the MTREF. The operating surplus for the two outer years increases to R 0.6 million and then reduces to R 0.1 million. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R 137 million for 2016/17 is R13 million more when compared to the 2015/16 Adjustment Budget. The capital programme increases to R166 million in the 2017/18 financial year and R191 million in 2018/19. The capital budget will be funded from government grants and internally generated funds (surplus) over MTREF.

**JOE MOROLONG
LOCAL MUNICIPALITY**

17 MAY 2016

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1.2. Operating Revenue Framework

For Joe Morolong local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality.

The reality is that we are faced with development backlogs, poverty and high unemployment.

The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is to be built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Trading services are fully cost-reflective and ring-fenced;
- Determining the tariff escalation rate by calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of subsidised services; and
- Tariff policies of the municipality.



The following table is a summary of the 2015/16 MTREF (classified by main revenue source):

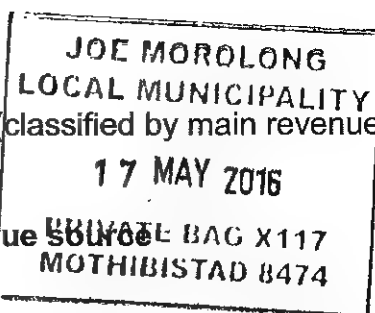


Table 2 Summary of revenue classified by main revenue source

NC451 Joe Morolong - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	6,925	3,371	12,134	10,489	16,887	16,887	-	12,863	13,634	14,452
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	5,177	4,914	4,555	6,569	4,259	4,259	-	7,038	7,602	8,210
Service charges - water revenue	2	10,262	5,315	13,571	6,798	6,798	6,798	-	15,200	15,200	15,200
Service charges - sanitation revenue	2	1,141	1,439	1,557	1,585	1,910	1,910	-	1,650	1,749	1,854
Service charges - refuse revenue	2	652	838	868	960	1,078	1,078	-	920	975	1,033
Service charges - other											
Rental of facilities and equipment		171	100	74	97	80	80		93	98	103
Interest earned - external investments		123	260	1,155		364	364				
Interest earned - outstanding debtors		3,385	3,727	4,583	50	25	25		50	53	56
Dividends received				-							
Fines				-							
Licences and permits				-							
Agency services				-	100	55	55		120	116	123
Transfers recognised - operational		70,029	74,257	195,240	147,129	147,129	147,129		122,361	129,578	136,968
Other revenue	2	3,296	1,022	751	582	9,311	9,311	-	1,212	1,557	1,633
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		101,161	95,241	234,489	174,369	187,895	187,895	-	161,508	170,563	179,632

Table 3 Percentage growth in revenue by main revenue source

Description R thousand			2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Revenue By Source								
Property rates	10,489	6.0%	12,863	8.0%	13,634	8.0%	14,452	8.0%
Property rates - penalties & collection charges		0.0%		0.0%				
Service charges - electricity revenue	6,569	3.8%	7,038	4.4%	7,602	4.5%	8,210	4.6%
Service charges - water revenue	6,798	3.9%	15,200	9.4%	15,200	8.9%	15,200	8.5%
Service charges - sanitation revenue	1,585	0.9%	1,650	1.0%	1,749	1.0%	1,854	1.0%
Service charges - refuse revenue	960	0.6%	920	0.6%	975	0.6%	1,033	0.6%
Service charges - other								
Rental of facilities and equipment	97	0.1%	93	0.1%	98	0.1%	103	0.1%
Interest earned - external investments								
Interest earned - outstanding debtors	50	0.0%	50	0.0%	53	0.0%	56	0.0%
Dividends received								
Fines								
Licences and permits								
Agency services	109	0.1%	120	0.1%	116	0.1%	123	0.1%
Transfers recognised - operational	147,129	84.4%	122,361	75.8%	129,578	76.0%	136,968	76.2%
Other revenue	582	0.3%	1,212	0.8%	1,557	0.9%	1,633	0.9%
Gains on disposal of PPE								
Total Revenue (excluding capital transfers and contributions)	174,369	100%	161,508	0	170,563	0	179,632	

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The municipality's revenue from operating grants and transfers totals R119 million in 2016/17 and steadily increases to R126.8 million by 2017/18 and increases to R132.7 by 2018/19 of total revenue of municipality generated from grants, the revenue from operating grants form a significant percentage of the revenue basket for the Joe Morolong Local Municipality. The increase in property rates revenue in relation to the updated valuation, whereby there are additional mining development in the area. In terms of services charges mainly water municipality is busy installing the meters in all government sector department (e.g. schools, clinics, etc.) where they have been receiving water for free and decided to install prepaid meter for all new water projects that they undertake in order to manage water usage.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		69,806	73,667	95,789	142,694	142,694	142,694	117,928	125,187	131,002
Local Government Equitable Share		67,506	71,227	93,255	115,253	115,253	115,253	115,068	123,042	129,952
Water Services Operating Subsidy					22,500	22,500	22,500			
Finance Management		1,500	1,550	1,600	1,675	1,675	1,675	1,810	2,145	1,050
Municipal Systems Improvement		800	890	934	930	930	930			
EPWP Incentive					2,336	2,336	2,336	1,050		
Provincial Government:		223	590	969	1,505	9,821	9,821	1,541	1,638	1,733
Sport and Recreation		223	590	969	1,505	1,505	1,505	1,541	1,638	1,733
Housing						8,316	8,316			
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:										
[insert description]										
Total Operating Transfers and Grants	5	70,029	74,257	96,758	144,499	152,515	152,515	119,469	126,825	132,735

**JOE MOROLONG
LOCAL MUNICIPALITY**

17 MAY 2016

**PRIVATE BAG X117
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1.2.1. Operational revenue assumptions – tariffs

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Sedibeng Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and water, these tariffs are largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

1.2.2. Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of all residential properties and of all properties used for multiple purposes, provided one or more components of such properties are used for residential purposes, is exempt from the payment of rates in terms of Section 17(1)(h) of the Property Rates Act.
- 100% rebate will granted to registered indigents in terms of the Indigent Policy

Table 5 Comparison of rates to be levied for the 2016/17 financial year

Category	Current Tariff (from 01 July 2015)	Approved Tariff (from 01 July 2016)
	c	c
Residential properties	0.00818	0.00867
State owned properties	0.01497	0.01587
Business & Commercial	0.01497	0.01756
Agricultural	0.00818	0.00867
Industrial	0.01657	0.01756
Mines	0.01657	0.01756

1.2.3 Sales of Water and Impact of Tariff Increases

South Africa in general faces similar challenges with regard to water supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of water infrastructure, water networks and the operational cost
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

A tariff increase of 12 per cent as from 1 July 2016 for water. This is based on input cost assumption of 7.7 percent increase in the cost of bulk water (Sedibeng Water) and cost related to renewal of water infrastructure. In addition 6kl of water per 30 day period will again be granted for free to all the registered indigents.

Table 6 Approved Water Tariffs

Category	Current Tariffs 2015/16	Approved Tariffs 2016/17
Residential	Rand per kl	Rand per kl
0 – 100 l	5.00	5.75
100 – 1000l	6.25	7.18
> 1000	11.94	13.73
Business		
0 – 100 l	12.50	14.37
100 – 1000l	16.16	18.59
> 1000	22.06	25.36
Industrial		
0 – 100 l	35.00	40.25
100 – 1000l	45.00	51.75
> 1000	65.00	74.75

1.2.4. Sanitation and Impact of Tariff Increase

A tariff increase of 6 percent for sanitation from 1 July 2016 is approved by council.

Table 7 Comparison between current sanitation charges and increases

Categories	Current Tariffs 2015/16	Approved Tariffs 2016/17
Residential		
Availability charge	60.68	64.93
Basic charge	60.68	64.93
Charge per Toilet	83.93	89.81
Business		
Availability charge	69.75	74.64
Basic charge	69.75	74.64
Charge per Toilet	149.71	160.19



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1.2.5 Refuse and Impact of Tariff Increases

A tariff increase of 6 percent for refuse from 1 July 2016 is approved by council

Table 8 Comparison between current refuse charges and increases

Categories	Current Tariffs 2015/16	Approved Tariffs 2016/17
Van Zylsrus		
Residential	24.39	26.09
Business (per container)	50.61	54.15
Hotazel		
Availability charge	41.63	44.54
Basic charge	41.63	44.54
Basic removal charge	122.83	131.43

1.2.6 Electricity and impact of Tariff Increases

A tariff increase of 9.6% percent for electricity from 1 July 2016 is approved by council as recommended by NERSA in MFMA Circular no: 78

Table 9 Comparison between current electricity charges and increases

Categories	Current Tariffs 2015/16	Approved Tariffs 2016/17
Hotazel		
Availability charge	87.07	95.02
Single Phased pre-paid		-
-basic charge	74.73	81.55
-per kwh	1.38	1.51
Three phase pre-paid		-
-basic charge	108.83	118.76
-per kwh	1.67	1.82
Normal metered		-
-basic charge	108.83	118.76
-per kwh	1.38	

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The tariffs for 2016/17 MTREF are based on the following assumptions:

- That the demand for services will remain at the same levels, meaning that consumers will continue consuming at the same quantities as the previous period
- That the paying customers will continue paying for their services and those who cannot afford will register as indigents and benefit from free basic services
- That credit control policy will be applied to prevent customers in accumulating debt without paying the municipality and entering into a repayment arrangement with the municipality's finance department
- That non-paying customers including indigents who consume more than the approved quantum will be disconnected from services in line with the credit control policy until acceptable arrangements/payments are made
- That the municipality will take a conservative approach on tariff hike taking into account affordability and inflation
- That no surcharges will be implemented in their near future for all services
- That consumers will continue to switch over from post-paid to prepaid electricity metering
- That the municipality will charge a basic charge for the first 6kl of water will be not be charged and that indigent person will be fully subsidized for the same.
- That the average tariff increases will be as affordable as possible.

1.2.7 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 6 per cent and 9.6 per cent, with the increase for indigent households being to 6 per cent.

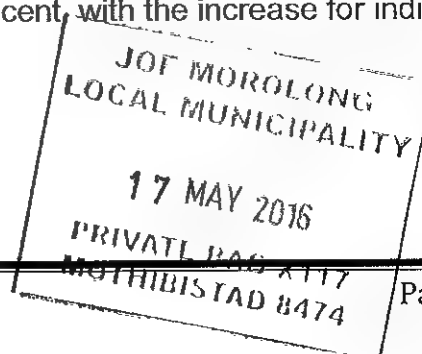


Table 10– Table SA14 Household bills

**NC451 Joe Morolong - Supporting Table SA14
Household bills**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates			94.19	99.84	106.83	106.83	106.83	6.0%	113.24	120.03	127.23
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption			1,632.35	1,811.91	2,011.22	2,011.22	2,011.22	12.0%	2,252.57	2,522.87	2,825.62
Sanitation			314.05	332.89	356.19	356.19	356.19	6.0%	377.56	400.22	400.22
Refuse removal			165.30	175.22	187.49	187.49	187.49	6.0%	198.73	210.66	210.66
Other											
sub-total		–	2,205.89	2,419.86	2,661.73	2,661.73	2,661.73	10.5%	2,942.10	3,253.78	3,563.73
VAT on Services											
Total large household bill:		–	2,205.89	2,419.86	2,661.73	2,661.73	2,661.73	10.5%	2,942.10	3,253.78	3,563.73
% Increase/-decrease			–	9.7%	10.0%	–	–		10.5%	10.6%	9.5%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates			57.17	57.17	61.17	61.17	61.17	6.0%	64.84	68.73	72.86
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption			501.76	501.76	556.95	556.95	556.95	12.0%	623.79	698.64	782.48
Sanitation											
Refuse removal			24.50	24.50	26.22	26.22	26.22	6.0%	27.79	29.46	29.46
Other											
sub-total		–	583.43	583.43	644.34	644.34	644.34	11.2%	716.42	796.83	884.79
VAT on Services											
Total small household bill:		–	583.43	583.43	644.34	644.34	644.34	11.2%	716.42	796.83	884.79
% Increase/-decrease			–	–	10.4%	–	–		11.2%	11.2%	11.0%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption			57.00	57.00	63.95	63.95	63.95	9.6%	70.09	76.82	84.20
Water: Basic levy			–	–							
Water: Consumption			4.06	4.06	4.51	4.51	4.51	12.0%	5.05	5.65	6.33
Sanitation			53.12	53.12	56.84	56.84	56.84	6.0%	60.25	63.86	67.70
Refuse removal			21.50	21.50	23.01	23.01	23.01	6.0%	24.39	25.85	27.40
Other											
sub-total		–	135.68	135.68	148.30	148.30	148.30	7.7%	159.77	172.19	185.62
VAT on Services											
Total small household bill:		–	135.68	135.68	148.30	148.30	148.30	7.7%	159.77	172.19	185.62
% Increase/-decrease			–	–	9.3%	–	–		7.7%	7.8%	7.8%

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1.3 Operating Expenditure Framework

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- Budgetary constraints (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Funding compliance Budget Circular 42
- Operational gains and efficiencies will be directed to funding repairs and maintenance;
- Strict adherences to the principle of no project plan *no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

Table 11 Summary of operating expenditure by standard classification item

NC451 Joe Morolong - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure By Type											
Employee related costs	2	27,974	37,025	47,447	49,199	51,705	51,705	—	52,979	55,854	59,157
Remuneration of councillors		6,718	7,504	8,531	8,538	9,713	9,713		10,015	10,616	11,253
Debt impairment	3	32,578	2,336	(59,839)	3,960	3,960	3,960		3,053	3,297	3,561
Depreciation & asset impairment	2	20,507	24,326	26,491	10,000	10,000	10,000	—	10,000	11,580	13,000
Finance charges		96	232	202	934	974			943	953	962
Bulk purchases	2	8,926	11,018	—	10,847	9,674	9,674	—	12,085	13,228	13,576
Other materials	8										
Contracted services		82	168	466	20,398	18,700	18,700	—	22,585	22,735	22,923
Transfers and grants		115,727	13,705	18,379	4,730	4,927	4,927	—	4,938	5,391	5,376
Other expenditure	4, 5	57,503	61,354	48,457	55,048	73,381	73,381	—	44,347	46,814	37,619
Loss on disposal of PPE											
Total Expenditure		270,111	157,668	90,134	163,655	183,035	182,061	—	160,945	170,468	167,427

The budgeted allocation for employee related costs for the 2016/17 financial year totals R52.9million. The previous year's collective SALGBC wage increase averaged above inflation. Salary increases have been factored into this budget at a percentage increase of 6.0 per cent for the 2016/17 financial year. An annual increase of 6.0 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of Councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget.

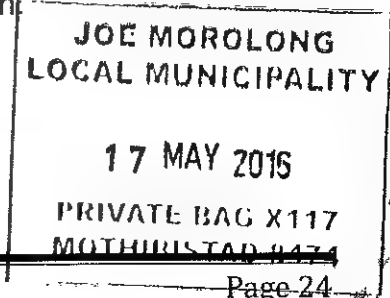
The provision of debt impairment was determined based on an annual collection rate of 85 percent and the Debt Write-off Policy of the municipality.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges which is R0.9million for 2016/17 and increases to R1.0 million by 2017/18.

Bulk purchases are directly informed by the purchase of electricity from Eskom and bulk water from Sedibeng Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other expenditure comprises of various line items relating to the daily operations of the municipality including repairs and maintenance. This group of expenditure has also been investigated as a possible avenue where savings and efficiencies can be achieved but the cost under these items are relatively fixed due to the fact that we were already very conservative when compiling the budget, growth has been limited to average increase of 6.0 per cent for 2016/17 unless there was a specific reason for such line item to be more than inflation.

Other expenditure increase is mainly as result of repairs and maintenance, which is influenced by Water Service Operating Subsidy Grant (WSOG) condition is to refurbish the water boreholes, the grant amount to R 12 million.



1.3.1 Repairs and Maintenance

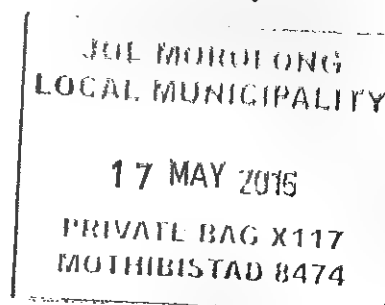
Table 12 Repairs and Maintenance per asset class

NC451 Joe Morolong - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		6,129	15,228	7,145	26,268	30,811	30,811	15,705	21,716	5,180
Infrastructure - Road transport		152	78	314	243	161	161	126	277	277
Infrastructure - Electricity		-	-	-	200	270	270	630	979	1,035
Infrastructure - Water		3,763	14,289	1,693	25,700	30,150	30,150	14,804	20,329	3,617
Infrastructure - Sanitation		-	13	84	110	165	165	145	116	234
Infrastructure - Other		2,215	848	5,053	15	65	65	-	16	17
Community		16	187	2	80	25	25	21	22	24
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		5,538	2,800	3,992	210	713	713	503	633	598
Agricultural assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	110	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	11,683	18,215	11,248	26,558	31,548	31,548	16,229	22,371	5,802

For the 2016/17 financial year, R16 million of total repairs and maintenance will be spent on infrastructure assets. Water infrastructure has received a significant proportion of this allocation totalling up to R14.8 million, followed by roads and electricity infrastructure, other infrastructure and sanitation. Community assets has been allocated R0.002 million and other assets has been allocated R0.5 million of total repairs and maintenance.

The total repairs and maintenance amounts to 1% of the total value Property, Plant and Equipment in the 2016/17 budget and increases to at least 1.2% in the following year. We acknowledge that the municipality should provide at least 8% of the total value of assets for repair and maintenance as stated on MFMA Circular No 70, whereby the value of our municipal assets amount to R 1.0 billion. Currently the municipality's focus on the refurbishment of the water infrastructure mainly the old infrastructure.



1.4 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 13 2015/16 Medium-term capital budget per vote

Description			2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Capital Expenditure - Standard								
Executive and council		0.0%	40	0.0%	–	0.0%	–	0.0%
Budget and treasury office	10	0.0%	150	0.1%	320	0.2%	330	0.2%
Corporate services	1,075	0.8%	2,530	1.8%	1,013	0.6%	1,010	0.6%
Community and social services	6,536	4.7%	5,270	3.8%	4,867	3.1%	4,879	3.1%
Sport and recreation	–	0.0%	5,761	4.2%	8,680	5.5%	8,680	5.5%
Public safety	2,433	1.8%	1,000	0.7%	2,840	1.8%	3,004	1.9%
Road transport	25,826	18.6%	20,474	14.9%	20,474	12.9%	4,215	2.7%
Water	82,010	59.1%	90,450	65.9%	107,282	67.8%	160,464	101.4%
Waste water management	20,874	15.0%	11,652	8.5%	12,742	8.1%	18,514	11.7%
Waste management		0.0%		0.0%		0.0%		0.0%
Other		0.0%		0.0%		0.0%		0.0%
Total Capital Expenditure - Standard	138,765	100%	137,326	100%	158,217	100%	201,097	127%

For 2016/17 an amount of R 137million has been budgeted for the capital expenses and increases to R 158 million in 2017/18. For 2016/17 financial year water receives the highest allocation of R 90 million, which represent 65.9 per cent followed by waste water management at R 11.7 million at 8.5 per cent and then roads at R 20.5 million at 14.9 per cent.

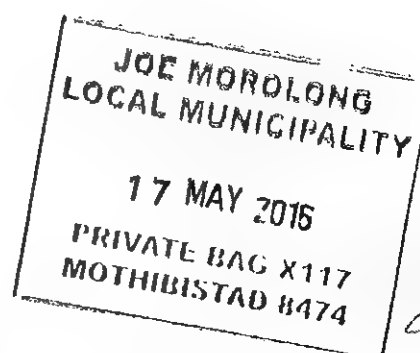
Total budget for capital expenditure amount to R137 million.

Capital budget for the 2016/17 financial year amounts to R137 Million with the main focus on the following:

- ❖ Provision of water R 90. Million
- ❖ Roads R 20.5 Million
- ❖ Sanitation R 11.7 Million
- ❖ Traffic Testing Centre R 1 Million
- ❖ Sports & Recreations R 5.7 Million
- ❖ Community Halls R 4.0 Million
- ❖ Cemeteries R 1.0 Million
- ❖ Computers, Offices Equipment & Other R 1.1 Million
- ❖ Municipal Office Fencing R 1.8 million



Capital projects for the 2016/17 financial year are funded from grants receivable from the National Government amounting to R 129 Million and own funding to the amount of R 8.8 Million



1.5 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

JOE MOROLONG
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NC451 Joe Morolong - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Property rates	6,925	3,371	12,134	10,489	16,887	16,887	-	12,863	13,634	14,452
Service charges	17,232	12,505	20,551	15,912	14,045	14,045	-	24,809	25,526	26,298
Investment revenue	123	260	1,155	-	364	364	-	-	-	-
Transfers recognised - operational	70,029	74,257	195,240	147,129	147,129	147,129	-	122,361	129,578	136,968
Other own revenue	6,852	4,849	5,409	839	9,471	9,471	-	1,476	1,824	1,914
Total Revenue (excluding capital transfers and contributions)	101,161	95,241	234,489	174,369	187,895	187,895	-	161,508	170,663	179,632
Employee costs	27,974	37,025	47,447	49,199	51,705	51,705	-	52,979	55,854	59,157
Remuneration of councillors	6,718	7,504	8,531	8,538	9,713	9,713	-	10,016	10,616	11,253
Depreciation & asset impairment	20,507	24,326	26,491	10,000	10,000	10,000	-	10,000	11,580	13,000
Finance charges	96	232	302	934	974	-	-	943	953	962
Materials and bulk purchases	8,926	11,018	-	10,847	9,674	9,674	-	12,085	13,228	13,576
Transfers and grants	115,727	13,705	18,379	4,730	4,927	4,927	-	4,938	5,391	5,376
Other expenditure	90,163	63,858	(10,917)	79,406	96,042	96,042	-	69,985	72,846	64,103
Total Expenditure	270,111	157,668	90,134	163,655	183,035	182,061	-	160,945	170,468	167,427
Surplus/(Deficit)	(168,950)	(62,426)	144,355	10,714	4,860	5,834	-	563	166	12,205
Transfers recognised - capital	136,743	127,472	66,249	115,669	115,669	115,669	-	140,131	166,162	191,657
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(32,207)	65,046	210,605	126,383	120,529	121,503	-	140,694	166,257	203,662
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(32,207)	65,046	210,605	126,383	120,529	121,503	-	140,694	166,257	203,662
Capital expenditure & funds sources										
Capital expenditure	246,156	131,146	181,772	126,383	138,765	138,765	-	137,328	158,217	201,097
Transfers recognised - capital	227,008	100,292	140,166	115,669	118,575	118,575	-	129,377	148,250	191,805
Public contributions & donations	-	29,340	26,712	10,714	9,985	9,985	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	19,148	1,514	14,893	-	10,204	10,204	-	7,949	9,967	9,293
Total sources of capital funds	246,156	131,146	181,772	126,383	138,765	138,765	-	137,328	158,217	201,097
Financial position										
Total current assets	39,103	47,757	65,453	19,921	19,921	19,921	-	17,964	29,676	50,391
Total non current assets	1,052,533	1,159,368	1,228,744	1,262,412	1,401,177	1,401,177	-	1,644,589	1,809,681	2,004,648
Total current liabilities	96,704	52,311	58,225	14,675	14,675	14,675	-	14,525	15,071	15,071
Total non current liabilities	5,087	4,194	3,368	4,145	4,145	4,145	-	3,834	3,520	3,320
Community wealth/Equity	989,844	1,150,620	1,232,604	1,263,513	1,402,277	1,402,277	-	1,644,194	1,820,768	2,036,647
Cash flows										
Net cash from (used) operating	230,544	149,643	174,898	137,242	143,370	143,370	-	158,038	186,793	217,576
Net cash from (used) investing	(246,156)	(130,784)	(181,312)	(126,383)	(138,900)	(138,900)	-	(149,310)	(173,655)	(196,275)
Net cash from (used) financing	(611)	(1,225)	(638)	(784)	(784)	(784)	-	(784)	(784)	(784)
Cash/cash equivalents at the year end	(2,930)	15,065	8,164	13,173	6,785	6,785	-	9,998	22,352	42,869
Cash backing/surplus reconciliation										
Cash and investments available	(2,568)	14,703	(15,431)	13,430	13,430	13,430	-	10,258	22,615	43,135
Application of cash and investments	51,647	(18,912)	(134,850)	8,485	9,075	9,075	-	8,792	9,147	9,151
Balance - surplus (shortfall)	(54,216)	33,615	119,418	4,945	4,355	4,355	-	1,466	13,468	33,984
Asset management										
Asset register summary (WDV)	1,052,533	1,159,368	1,064,882	1,262,412	1,281,463	1,275,965	1,416,310	1,416,310	1,575,166	1,755,845
Depreciation & asset impairment	20,507	24,326	26,491	10,000	10,000	10,000	10,000	10,000	11,580	13,000
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	11,683	18,215	11,248	26,558	31,548	31,548	16,229	16,229	22,371	5,802
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	23,212	28,771	-	19,881	13,483	13,483	19,633	19,633	21,136	22,752
Households below minimum service level										
Water	2	2	3	2	2	2	1	1	1	1
Sanitation/sewerage	3	3	3	3	3	3	3	3	3	3
Energy	-	-	-	-	-	-	-	-	-	-
Refuse	23	23	24	24	24	24	24	24	24	24

Table 14 – Table A1 Budget Summary

Explanatory notes: Table A1 Budget Summary

- Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard: a. The operating surplus/deficit (after Total Expenditure) is positive over the next three years (MTREF)
- Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognized is reflected on the Financial Performance Budget;
 - ii. Internally generated funds are financed from a combination of the current operating surplus.



Table 15 – Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

NC451 Joe Morolong - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard										
<i>Governance and administration</i>		82,970	82,034	114,151	128,791	144,373	144,373	130,233	139,293	147,298
Executive and council		3,642	4,581	5,317	5,998	5,998	5,998	6,315	6,629	6,961
Budget and treasury office		79,176	77,307	108,622	122,522	138,096	138,096	123,606	132,383	140,045
Corporate services		152	146	212	271	279	279	312	281	291
<i>Community and public safety</i>		8,414	608	2,953	4,003	12,246	12,246	2,754	1,816	1,927
Community and social services		225	608	2,953	3,893	3,876	3,876	2,634	1,684	1,781
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	109	55	55	120	132	146
Housing		8,188	-	-	-	8,316	8,316	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		62,211	66,204	69,106	58,615	68,562	68,562	57,929	62,155	65,698
Planning and development		62,211	66,204	69,106	58,615	68,562	68,562	57,929	62,155	65,698
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		84,309	73,868	114,529	98,629	103,780	103,780	110,723	133,461	156,367
Electricity		5,177	4,914	4,555	6,569	4,259	4,259	7,038	7,602	8,210
Water		77,339	66,677	107,550	89,515	96,533	96,533	101,114	123,135	145,270
Waste water management		1,141	1,439	1,557	1,585	1,910	1,910	1,650	1,749	1,854
Waste management		652	838	868	960	1,078	1,078	920	975	1,033
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	237,904	222,714	300,739	290,038	328,962	328,962	301,639	336,725	371,289
Expenditure - Standard										
<i>Governance and administration</i>		104,178	80,554	18,799	63,967	72,849	72,849	70,882	75,931	80,925
Executive and council		13,664	17,185	17,807	16,419	20,548	20,548	18,741	19,758	20,686
Budget and treasury office		72,040	41,299	(11,394)	35,237	37,322	37,322	38,125	41,031	44,078
Corporate services		18,474	22,070	12,386	12,311	14,979	14,979	14,017	15,142	16,161
<i>Community and public safety</i>		11,703	10,276	8,865	7,871	15,903	15,903	8,584	9,309	9,796
Community and social services		6,528	5,643	8,865	6,963	9,001	9,001	7,643	8,201	8,689
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	907	534	534	940	1,107	1,107
Housing		5,175	4,634	-	-	6,369	6,369	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		54,302	13,759	23,715	9,931	9,728	9,728	9,749	9,689	10,594
Planning and development		54,302	13,759	23,715	9,931	9,728	9,728	9,749	9,689	10,594
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		99,929	53,079	40,241	81,885	84,514	84,514	71,730	75,539	66,113
Electricity		2,194	7,002	6,753	8,375	8,941	8,941	10,185	11,327	11,407
Water		97,735	46,077	33,487	71,914	73,996	73,996	59,845	62,446	52,709
Waste water management		-	-	-	587	770	770	702	693	860
Waste management		-	-	-	1,010	807	807	998	1,073	1,138
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	270,111	157,668	91,620	163,655	182,995	182,995	160,945	170,468	167,427
Surplus/(Deficit) for the year		(32,207)	65,046	209,119	126,383	145,966	145,966	140,694	166,257	203,862

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Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Note that as a general principle the revenues for the Trading Services should exceed their expenditures.



Table 16 – Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

NC451 Joe Morolong - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	1									
Vote 1 - Executive & Council		3,642	4,581	5,317	5,998	5,998	5,998	6,315	6,629	6,961
Vote 2 - Budget & Treasury Office		80,676	78,857	111,156	122,522	138,096	138,096	123,606	132,383	140,045
Vote 3 - Corporate Support Services		152	146	212	271	279	279	312	281	291
Vote 4 - Community Services		10,207	2,884	5,377	6,548	15,234	15,234	5,325	4,540	4,815
Vote 5 - Technical Services		56,502	63,708	69,106	58,615	68,562	68,562	57,929	62,155	65,698
Vote 6 - Electricity Services		5,177	4,914	4,555	6,569	4,259	4,259	7,038	7,602	8,210
Vote 7 - Water Services		77,339	66,677	107,550	89,515	96,533	96,533	101,114	123,135	145,270
Vote 8 - Development & Town Planning Services		5,709	2,496	-	-	-	-	-	-	-
Total Revenue by Vote	2	239,404	224,264	303,273	290,038	328,962	328,962	301,639	336,725	371,289
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive & Council		13,664	17,185	17,807	16,419	20,548	20,548	18,741	19,758	20,686
Vote 2 - Budget & Treasury Office		72,040	41,299	(11,394)	35,237	37,322	37,322	38,125	41,031	44,078
Vote 3 - Corporate Support Services		18,474	22,070	12,386	12,311	14,979	14,979	14,017	15,142	16,161
Vote 4 - Community Services		11,703	10,276	8,865	9,468	17,481	17,481	10,284	11,075	11,793
Vote 5 - Technical Services		44,949	3,847	-	5,702	5,808	5,808	5,594	6,146	6,482
Vote 6 - Electricity Services		2,194	7,002	6,753	8,375	8,941	8,941	10,185	11,327	11,407
Vote 7 - Water Services		99,610	54,077	33,487	71,914	73,996	73,996	59,845	62,446	52,709
Vote 8 - Development & Town Planning Services		9,353	9,912	2,189	4,229	3,920	3,920	4,155	3,543	4,112
Total Expenditure by Vote	2	271,986	165,668	70,094	163,655	182,995	182,995	160,945	170,468	167,427
Surplus/(Deficit) for the year	2	(32,582)	58,596	233,179	126,383	145,966	145,966	140,694	166,257	203,862

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the total budgeted operating and capital expenditure performance in relation to the organisational structure of the municipality. This table also presents the overall surplus of the municipality for each budget year. The operating expenditure is separately presented on table A4 and the capital expenditure presented on table A5

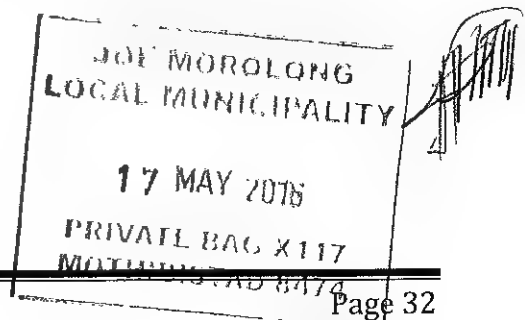
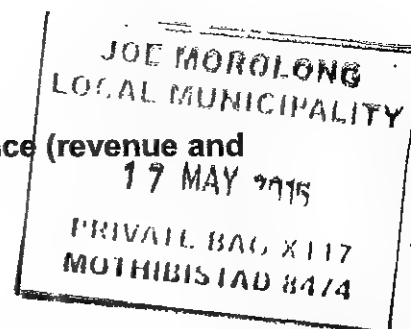


Table 17 – Table A4 Budgeted Financial Performance (revenue and expenditure)



NC451 Joe Morolong - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	6,925	3,371	12,134	10,489	16,887	16,887	–	12,863	13,634	14,452
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	5,177	4,914	4,555	6,569	4,259	4,259	–	7,038	7,602	8,210
Service charges - water revenue	2	10,262	5,315	13,571	6,798	6,798	6,798	–	15,200	15,200	15,200
Service charges - sanitation revenue	2	1,141	1,439	1,557	1,585	1,910	1,910	–	1,650	1,749	1,854
Service charges - refuse revenue	2	652	838	1,111	960	1,078	1,078	–	920	975	1,033
Service charges - other											
Rental of facilities and equipment		171	100	74	97	80	80		93	98	103
Interest earned - external investments		123	260	1,155		364	364				
Interest earned - outstanding debtors		3,385	3,727	4,583	50	25	25		50	53	56
Dividends received				–							
Fines				–							
Licences and permits				–							
Agency services				–	109	55	55		120	116	123
Transfers recognised - operational		70,029	74,257	195,240	147,129	147,129	147,129		122,361	129,578	136,968
Other revenue	2	3,296	1,022	751	582	9,311	9,311	–	1,212	1,557	1,633
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		101,161	95,241	234,489	174,369	187,895	187,895	–	161,508	170,563	179,632
Expenditure By Type											
Employee related costs	2	27,974	37,025	47,447	49,199	51,705	51,705	–	52,979	55,854	59,157
Remuneration of councillors		6,718	7,504	8,531	8,538	9,713	9,713		10,015	10,616	11,253
Debt impairment	3	32,578	2,336	(59,839)	3,960	3,960	3,960		3,053	3,297	3,561
Depreciation & asset impairment	2	20,507	24,326	26,491	10,000	10,000	10,000	–	10,000	11,580	13,000
Insurance charges		96	232	202	934	974			943	953	962
Capital purchases	2	8,926	11,018	–	10,847	9,674	9,674	–	12,085	13,228	13,576
Other materials	8										
Contracted services		82	168	466	20,398	18,700	18,700	–	22,585	22,735	22,923
Transfers and grants		115,727	13,705	18,379	4,730	4,927	4,927	–	4,938	5,391	5,376
Other expenditure	4, 5	57,503	61,354	48,457	55,048	73,381	73,381	–	44,347	46,814	37,619
Loss on disposal of PPE											
Total Expenditure		270,111	157,668	90,134	163,655	183,035	182,061	–	160,945	170,468	167,427
Surplus/(Deficit)		(168,950)	(62,426)	144,355	10,714	4,860	5,834	–	563	95	12,205
Transfers recognised - capital		136,743	127,472	66,249	115,669	115,669	115,669		140,131	166,162	191,657
Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(32,207)	65,046	210,605	126,383	120,529	121,503	–	140,694	166,257	203,862
Taxation											
Surplus/(Deficit) after taxation		(32,207)	65,046	210,605	126,383	120,529	121,503	–	140,694	166,257	203,862
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(32,207)	65,046	210,605	126,383	120,529	121,503	–	140,694	166,257	203,862
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(32,207)	65,046	210,605	126,383	120,529	121,503	–	140,694	166,257	203,862

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

Total operating revenue is R 162 Million for 2016/17 and decrease to R 171 and then increases to R 180 Million by 2016/17 and 2017/18 respectively.

Revenue to be generated from property rates will be R 12.9 Million in the 2016/17 and increase to R 13.6 million by 2017/18 financial year.

Services charges relating to electricity, water, sanitation and refuse removal constitutes R 24.9 million in 2016/17 and increases to R 25.5 million in 2017/18. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Transfers recognised – operating income includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are increasing.

The total operational expenditure amounts to R 160 million for 2016/17 and increase to R166 million by 2017/18.

Other expenditure increase is mainly as result of repairs and maintenance, which is influenced by Refurbish the water boreholes, the grant amount to R 12 million.

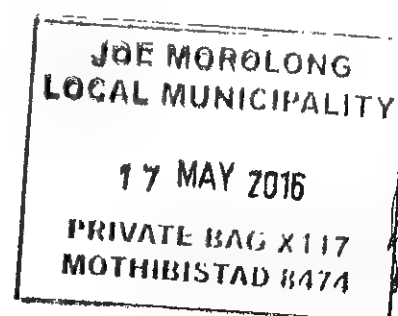


Table 18– Table A5 Budgeted Capital Expenditure by vote, standard classification and funding source

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NC451 Joe Morolong - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Support Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community Services		10,957	19,386	17,018	29,425	20,874	20,874	-	17,412	21,422	27,194
Vote 5 - Technical Services		74,917	29,361	40,570	17,555	25,826	25,826	-	20,474	20,474	4,215
Vote 6 - Electricity Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Water Services		137,636	80,822	109,290	68,890	81,860	81,860	-	90,241	107,061	160,248
Vote 8 - Development & Town Planning Services		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	223,510	129,569	166,879	115,869	128,560	128,560	-	128,127	148,957	191,657
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		861	667	621	-	-	-	-	40	-	-
Vote 2 - Budget & Treasury Office		528	521	(15)	50	10	10	-	150	320	50
Vote 3 - Corporate Support Services		372	327	1,881	1,205	1,075	7,405	-	2,530	1,013	1,010
Vote 4 - Community Services		14,810	-	12,405	9,009	8,969	8,969	-	6,270	7,706	8,147
Vote 5 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Electricity Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Water Services		-	-	-	250	150	150	-	209	221	234
Vote 8 - Development & Town Planning Services		59	62	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		16,630	1,577	14,893	10,514	10,204	16,534	-	9,199	9,260	9,440
Total Capital Expenditure - Vote		240,140	131,146	181,772	126,383	138,765	145,095	-	137,326	158,217	201,097
Capital Expenditure - Standard											
Governance and administration		1,761	1,515	2,488	1,255	1,085	1,085	-	2,720	1,333	1,340
Executive and council		861	667	621	-	-	-	-	40	-	-
Budget and treasury office		528	521	(15)	50	10	10	-	150	320	330
Corporate services		372	327	1,881	1,205	1,075	1,075	-	2,530	1,013	1,010
Community and public safety		14,810	-	12,405	17,360	8,969	8,969	-	12,031	16,386	16,564
Community and social services		14,810	-	12,405	6,576	6,536	6,536	-	5,270	4,867	4,879
Sport and recreation		-	-	-	8,350	-	-	-	5,761	8,680	8,680
Public safety		-	-	-	2,433	2,433	2,433	-	1,000	2,840	3,004
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		74,976	29,423	40,570	17,555	25,826	25,826	-	20,474	20,474	4,215
Planning and development		59	62	-	-	-	-	-	-	-	-
Road transport		74,917	29,361	40,570	17,555	25,826	25,826	-	20,474	20,474	4,215
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		154,609	100,208	126,309	90,214	102,885	102,885	-	102,101	120,024	178,978
Electricity		6,016	-	-	-	-	-	-	-	-	-
Water		137,636	80,822	109,290	69,140	82,010	82,010	-	90,450	107,282	160,464
Waste water management		10,957	19,386	17,018	21,074	20,874	20,874	-	11,652	12,742	18,514
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	246,156	131,146	181,772	126,383	138,765	138,765	-	137,326	158,217	201,097
Funded by:											
National Government		147,194	100,292	140,166	115,669	118,575	118,575	-	129,377	148,250	191,805
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		79,814	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	227,008	100,292	140,166	115,669	118,575	118,575	-	129,377	148,250	191,805
Public contributions & donations	5	-	29,340	26,712	10,714	9,985	9,985	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		19,148	1,514	14,893	-	10,204	10,204	-	7,949	9,967	9,293
Total Capital Funding	7	246,156	131,146	181,772	126,383	138,765	138,765	-	137,326	158,217	201,097

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

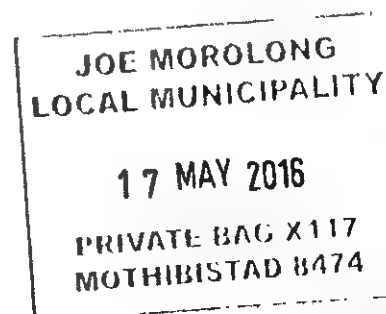
Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

Capital expenditure has been appropriated at R 137 million for the 2016/17 financial year and increases over the MTREF to R 158 million and R 201 million respectively for the two outer years.

Unlike multi-year capital appropriations, all of our capital projects are expected to be completed with a single year 2016/17. Included in our single-year appropriations is an expenditure that will be incurred in the 2016/17 budget year such as the procurement of computers and office furniture. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

The capital programme is funded from National Treasury capital transfers and internally generated funds from current year surpluses.



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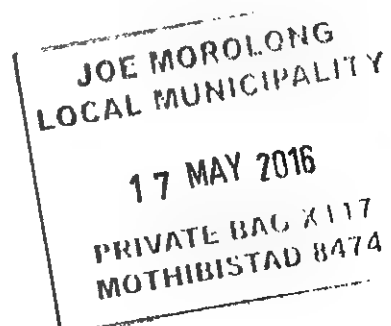
Table 19- Table A6 Budget Financial position

NC451 Joe Morolong - Table A6 Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ASSETS											
Current assets											
Cash		28	3,099	692	13,173	13,173	13,173		9,998	22,352	42,869
Call investment deposits	1	1,980	17,475	—	257	257	257	—	260	263	266
Consumer debtors	1	19,126	23,976	58,131	4,916	4,916	4,916	—	5,155	5,406	5,406
Other debtors		16,657	1,245	4,832							
Current portion of long-term receivables											
Inventory	2	1,312	1,962	1,798	1,575	1,575	1,575		2,550	1,655	1,850
Total current assets		39,103	47,757	65,453	19,921	19,921	19,921	—	17,964	29,676	50,391
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	1,052,533	1,159,054	1,228,269	1,261,992	1,400,757	1,400,757	—	1,644,189	1,809,261	2,004,198
Agricultural											
Biological											
Intangible		—	314	474	420	420	420		400	420	450
Other non-current assets											
Total non current assets		1,052,533	1,159,368	1,228,744	1,262,412	1,401,177	1,401,177	—	1,644,589	1,809,681	2,004,648
TOTAL ASSETS		1,091,635	1,207,125	1,294,197	1,282,333	1,421,098	1,421,098	—	1,662,553	1,839,357	2,055,038
LIABILITIES											
Current liabilities											
Bank overdraft	1	4,577	5,871	16,123							
Borrowing	4	627	627	785	784	784	784	—	784	784	784
Consumer deposits											
Trade and other payables	4	90,855	45,120	40,151	13,214	13,214	13,214	—	13,740	14,287	14,287
Provisions		645	693	1,166	677	677	677				
Total current liabilities		96,704	52,311	58,225	14,675	14,675	14,675	—	14,525	15,071	15,071
Non current liabilities											
Borrowing		3,536	2,310	1,803	2,516	2,516	2,516	—	2,124	1,724	1,424
Provisions		1,551	1,884	1,565	1,629	1,629	1,629	—	1,710	1,796	1,896
Total non current liabilities		5,087	4,194	3,368	4,145	4,145	4,145	—	3,834	3,520	3,320
TOTAL LIABILITIES		101,791	56,505	61,592	18,820	18,820	18,820	—	18,359	18,591	18,391
NET ASSETS	5	989,844	1,150,620	1,232,604	1,263,513	1,402,277	1,402,277	—	1,644,194	1,820,766	2,036,647
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		989,844	1,150,620	1,232,604	1,263,513	1,402,277	1,402,277		1,644,194	1,820,766	2,036,647
Reserves	4	—	—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	5	989,844	1,150,620	1,232,604	1,263,513	1,402,277	1,402,277	—	1,644,194	1,820,766	2,036,647

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understand-ability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.



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Table 20- Table A7 Budgeted Cash Flow

NC451 Joe Morolong - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		2,453	3,371	8,989	8,916	6,515	6,515		10,933	11,589	12,285
Service charges		28,098	45,458	11,545	13,526	13,609	13,609		21,087	21,697	22,353
Other revenue		3,426	3,355	85,346	714	9,371	9,371		1,221	1,208	1,242
Government - operating	1	70,029	74,257	96,758	147,129	155,445	155,445		122,361	129,578	136,968
Government - capital	1	327,252	127,487	116,771	115,669	132,751	132,751		140,131	165,071	194,937
Interest		123	260	1,155	40	364	364		43	45	48
Dividends									-	-	-
Payments											
Suppliers and employees		(200,742)	(104,313)	(127,083)	(143,873)	(169,779)	(169,779)		(97,266)	(97,964)	(103,695)
Finance charges		(96)	(232)	(202)	(149)	(177)	(177)		(943)	(953)	(962)
Transfers and Grants	1			(18,379)	(4,730)	(4,730)	(4,730)		(39,529)	(43,479)	(45,599)
NET CASH FROM/(USED) OPERATING ACTIVITIES		230,544	149,643	174,898	137,242	143,370	143,370	-	158,038	186,793	217,576
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (Increase) other non-current receivables									-	-	-
Decrease (Increase) in non-current Investments			362						-	-	-
Payments											
Capital assets		(246,156)	(131,146)	(181,312)	(126,383)	(138,900)	(138,900)		(149,310)	(173,655)	(196,275)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(246,156)	(130,784)	(181,312)	(126,383)	(138,900)	(138,900)	-	(149,310)	(173,655)	(196,275)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(611)	(1,225)	(638)	(784)	(784)	(784)		(784)	(784)	(784)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(611)	(1,225)	(638)	(784)	(784)	(784)	-	(784)	(784)	(784)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	13,293	(2,568)	15,216	3,099	3,099	3,099		2,055	9,998	22,352
Cash/cash equivalents at the year end:	2	(2,930)	15,065	8,164	13,173	6,785	6,785	-	9,998	22,352	42,869

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Table 21- Table A8 Budgeted Cash Flow Cash Backed Reserves/Accumulated Surplus Reconciliation

NC451 Joe Morolong - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available											
Cash/cash equivalents at the year end	1	(2,930)	15,065	8,164	13,173	6,785	6,785	–	9,998	22,352	42,869
Other current investments > 90 days		362	(362)	(23,595)	257	6,645	6,645	–	260	263	266
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and Investments available:		(2,568)	14,703	(15,431)	13,430	13,430	13,430	–	10,258	22,615	43,135
Application of cash and investments											
Spent conditional transfers		–	–	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	51,647	(18,912)	(134,850)	8,485	9,075	9,075	–	8,792	9,147	9,151
Other provisions		–	–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		51,647	(18,912)	(134,850)	8,485	9,075	9,075	–	8,792	9,147	9,151
Surplus(shortfall)		(54,216)	33,615	119,418	4,945	4,355	4,355	–	1,466	13,468	33,984

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be “funded”.

Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

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Table 22- Table A9 Asset Management

NC451 Joe Morolong - Table A9 Asset Management

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	246,156	131,146	181,772	125,683	138,515	138,515	137,326	158,217	201,097
Infrastructure - Road transport		74,917	29,361	40,570	17,555	25,826	25,826	20,474	20,474	4,215
Infrastructure - Electricity		6,016	—	—	—	—	—	—	—	—
Infrastructure - Water		135,118	80,616	109,290	69,140	82,010	82,010	90,450	107,282	160,464
Infrastructure - Sanitation		10,957	19,386	17,018	20,874	20,674	20,674	11,652	12,742	18,514
Infrastructure - Other		—	—	—	—	—	—	—	—	—
Infrastructure		227,008	129,362	166,879	107,569	128,510	128,510	122,575	140,498	183,194
Community		14,805	—	11,649	14,721	6,371	6,371	10,831	13,222	13,725
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	4,342	1,416	2,998	3,028	3,288	3,288	3,520	3,827	3,449
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	367	246	365	345	345	400	670	730
Total Renewal of Existing Assets	2	—	—	—	—	—	—	—	—	—
Infrastructure - Road transport		—	—	—	—	—	—	—	—	—
Infrastructure - Electricity		—	—	—	—	—	—	—	—	—
Infrastructure - Water		—	—	—	—	—	—	—	—	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		—	—	—	—	—	—	—	—	—
Infrastructure		—	—	—	—	—	—	—	—	—
Community		—	—	—	—	—	—	—	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	—	—	—	—	—	—	—	—	—
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
Total Capital Expenditure	4	246,156	131,146	181,772	125,683	138,515	138,515	137,326	158,217	201,097
Infrastructure - Road transport		74,917	29,361	40,570	17,555	25,826	25,826	20,474	20,474	4,215
Infrastructure - Electricity		6,016	—	—	—	—	—	—	—	—
Infrastructure - Water		135,118	80,616	109,290	69,140	82,010	82,010	90,450	107,282	160,464
Infrastructure - Sanitation		10,957	19,386	17,018	20,874	20,674	20,674	11,652	12,742	18,514
Infrastructure - Other		—	—	—	—	—	—	—	—	—
Infrastructure		227,008	129,362	166,879	107,569	128,510	128,510	122,575	140,498	183,194
Community		14,805	—	11,649	14,721	6,371	6,371	10,831	13,222	13,725
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	4,342	1,416	2,998	3,028	3,288	3,288	3,520	3,827	3,449
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	367	246	365	345	345	400	670	730
TOTAL CAPITAL EXPENDITURE - Asset class	2	246,156	131,146	181,772	125,683	138,515	138,515	137,326	158,217	201,097
ASSET REGISTER SUMMARY - PPE (WDV)	5	710,368	732,287	690,749	734,776	753,828	753,828	774,302	794,776	798,991
Infrastructure - Road transport		5,792	5,551	247,026	5,499	5,499	—	5,499	5,499	5,499
Infrastructure - Electricity		196,665	279,208	—	377,526	377,526	377,526	479,771	604,037	764,285
Infrastructure - Water		10,441	9,886	5,311	9,764	9,764	9,764	11,652	11,652	17,357
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		—	—	—	—	—	—	—	—	—
Infrastructure		923,266	1,026,932	943,086	1,127,565	1,146,616	1,141,118	1,271,223	1,415,983	1,586,131
Community		118,754	114,448	110,606	118,710	118,710	118,710	128,470	141,866	150,546
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets		10,512	17,673	10,716	15,717	15,717	15,717	16,217	16,917	18,717
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	314	474	420	420	420	400	420	450
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1,052,533	1,159,368	1,064,882	1,262,412	1,281,463	1,275,965	1,416,310	1,575,166	1,755,845
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		20,507	24,326	26,491	10,000	10,000	10,000	10,000	11,580	13,000
Repairs and Maintenance by Asset Class		11,683	18,215	11,248	26,558	31,548	31,548	16,229	22,371	5,802
Infrastructure - Road transport		152	78	314	243	161	161	126	277	277
Infrastructure - Electricity		—	—	—	200	270	270	630	979	1,035
Infrastructure - Water		3,763	14,289	1,693	25,700	30,150	30,150	14,804	20,329	3,617
Infrastructure - Sanitation		—	13	84	110	165	165	145	116	234
Infrastructure - Other		2,215	848	5,053	15	65	65	—	16	17
Infrastructure		6,129	15,228	7,145	26,268	30,811	30,811	15,705	21,716	5,180
Community		16	187	2	80	25	25	21	22	24
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6, 7	5,538	2,800	4,102	210	713	713	503	633	598
TOTAL EXPENDITURE OTHER ITEMS		32,190	42,541	37,739	36,558	41,548	41,548	26,229	33,951	18,802
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		1.1%	1.6%	0.9%	2.1%	2.3%	2.3%	1.0%	1.2%	0.3%
Renewal and R&M as a % of PPE		1.0%	2.0%	1.0%	2.0%	2.0%	2.0%	1.0%	1.0%	0.0%

Explanatory notes to Table A9 - Asset Management

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality doesn't meet the above recommendations.

The total repairs and maintenance amounts to 1% of the total value Property, Plant and Equipment in the 2016/17 budget and decreases to at least 1.2% in the following year. We acknowledge that the municipality should provide at least 8% of the total value of assets for repair and maintenance as stated on MFMA Circular No 70. The value of our municipal assets amount to R 1.0 billion and the total budgeted repairs and maintenance amount to R 16.6 million and increases to R 22 million and then R 5.8million respectively for the outer years.

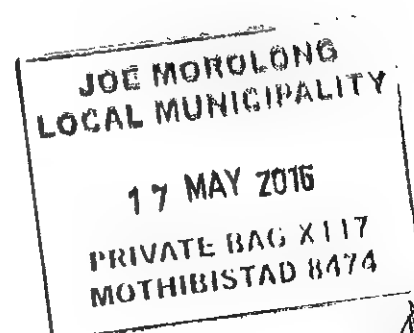


Table 23- Table A10 Basic Service Delivery Measurement

NC451 Joe Morolong - Table A10 Basic service delivery measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets	1									
Water:										
Piped water inside dwelling		3,718	3,718	3,718	3,818	3,818	3,818	3,868	3,918	4,018
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min. service level)	2	18,048	18,048	18,048	18,248	18,248	18,248	18,448	18,698	18,998
Other water supply (at least min service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	3	21,766	21,766	21,766	22,066	22,066	22,066	22,316	22,616	23,016
Using public tap (< min.service level)	4	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)		1,941	1,941	1,941	1,691	1,691	1,691	1,491	1,241	1,041
No water supply		1,941	1,941	1,941	1,691	1,691	1,691	1,491	1,241	1,041
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	23,707	23,707	23,707	23,757	23,757	23,757	23,807	23,857	24,057
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		2,131	2,131	2,131	2,131	2,131	2,131	2,131	2,131	2,131
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		18,254	18,254	18,254	18,254	18,254	18,254	18,454	18,654	18,954
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		20,385	20,385	20,385	20,385	20,385	20,385	20,585	20,785	21,085
Bucket toilet		469	469	469	419	419	419	389	319	289
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		2,432	2,432	2,432	2,753	2,753	2,753	2,653	2,453	2,253
<i>Below Minimum Service Level sub-total</i>		2,901	2,901	2,901	3,172	3,172	3,172	3,022	2,772	2,552
Total number of households	5	23,286	23,286	23,286	23,557	23,557	23,557	23,607	23,557	23,637
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		19,384	19,384	19,384	19,384	19,384	19,384	19,384	19,384	19,384
<i>Minimum Service Level and Above sub-total</i>		19,384	19,384	19,384	19,384	19,384	19,384	19,384	19,384	19,384
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	19,384	19,384	19,384	19,384	19,384	19,384	19,384	19,384	19,384
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		19,146	19,146	19,146	19,146	19,146	19,146	19,146	19,146	19,146
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		2,707	2,707	2,980	2,980	3,117	3,228	3,335	3,444	3,553
No rubbish disposal		23,434	23,434	23,707	23,707	23,844	23,953	24,062	24,171	24,280
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	23,434	23,434	23,707	23,707	23,844	23,953	24,062	24,171	24,280
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		8,195	8,195	8,195	8,195	8,195	8,195	8,195	8,195	8,195
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		8,195	8,195	8,195	8,195	8,195	8,195	8,195	8,195	8,195
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (Impermissible values per section 17 of MPRA)		23,212	28,771	-	19,881	13,483	13,483	19,633	21,136	22,752
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	23,212	28,771	-	19,881	13,483	13,483	19,633	21,136	22,752

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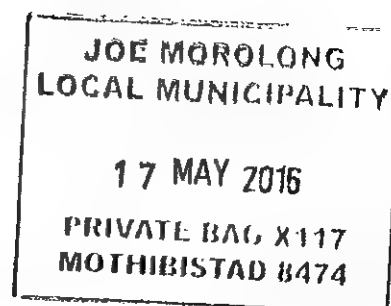
Explanatory notes to Table A10 - Basic Service Delivery Measurement

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

The municipality continues to make good progress with the eradication of backlogs.

It is anticipated that these Free Basic Services will cost the municipality R 4.9 million in 2016/17, increasing to R 5.4 million in 2017/18. This is covered by the municipality's equitable share allocation from national government..

It is very difficult to measure correctly the revenue cost of free basic as the municipality is mostly rural and the infrastructure used for water was communal stand pipes except Van Zylsrus and Hotazel, and the municipality is busy installing the prepaid meter that assist in measuring the correct cost of revenue for free basic service, and Eskom provide the electricity in more than 99% of municipal areas



Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the executive chairpersonship of Finance, Human Resource and Administration.

The primary aim of the Budget Steering Committee is to ensure:


- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.2 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2015) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on August 2015. Below is the table with planned and actual dates:

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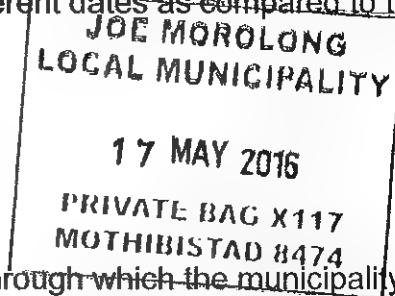
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IDP PROCESS PLAN 2015/16 FINANCIAL YEAR

NO	REQUIRED INPUTS	BY WHOM	PERIOD (FINAL DATE FOR COMPLETION)	ACTUAL DATE
1.	Preparation for IDP and budget process plan for approval by council	CFO and IDP manager	14 August 2015	14 August 2015
2.	Preparation for IDP review process by communicating to IDP forum stakeholders	Director	03 to 09 September 2015	17 September 2015
3.	IDP steering committee meeting	Mayor/ IDP Manager	10 September 2015	28 September 2015
4.	IDP meeting with all stakeholders (Representative Forum meeting)	Mayor/ IDP Manager	11 September 2015	17 September 2015
5.	Inputs for all projects from all stakeholders (2015/16)	IDP manager	14 to 18 September 2015	14-18 September 2015
6.	IDP steering committee meeting	Mayor/ IDP Manager	26 October 2015	
7.	Second IDP meeting with all the stakeholders	IDP manager	30 October 2015	22 October 2015
8.	Comparison between 2014/15 IDP initiatives originating from the strategic planning session.	All the Departments	02 to 06 November 2015	27 November 2015
9.	Formulation of key IDP priorities	All Departments	09 to 13 November 2015	
10.	First draft budget and policies to council for 2016/17	CFO/ Municipal Manager	18 November 2015	
11.	Prepare and distribute departmental total budgets MTEF to all heads of departments with actual figures and distribute the budget guidelines received from national treasury to all heads of departments.	CFO	20 November 2015	
12.	Meeting with heads of departments for budget compilation	CFO	23 November 2015	
13.	Adjustments of all grants gazetted for MTEF as per DORA	CFO	24 November 2015	No DORA adjustment
14.	Community Consultation/participation on the draft of the IDP	IDP MANAGER	25 to 30 November 2015	23 November 2015- 03 December 2015
15.	Community consultation for IDP inputs	IDP Manager	02 December 2015	23 November 2015 – 03 December 2015
16.	Meeting with heads of departments for budget compilation	CFO	04 December 2015	
17.	Align total budget with IDP with National and provincial priorities and Growth and Development Plan	All the departments	13 January 2016	18 January 2016
18.	Presentation of a Draft IDP 2016/ 17	Council	23 March 2016	24 March 2016
19.	Commence public budget IDP participation process with all wards within Joe Morolong Local Municipality	CFO/ IDP(Chairpersons)	27 April 2016	04 April 2016 - 19 April 2016
20.	Presentation of public participation results to Council for inclusion into the final budget of 2016/17	Mayor/ CFO/ IDP	04 May 2016	
21.	Final total budget proposal to council for approval	Mayor/ CFO/ IDP	26 May 2016	
22.	Finalisation of top layer SDBIPs	Directors	01 June 2016	
23.	Finalisation of Departmental SDBIPs	MM	15 June 2016	
24.	Send approval IDP and budget to COGHSTA, Provincial and National Treasury	CFO/ MM	22 June 2016	

There were deviations from key dates set out in the budget time schedule tabled in council but the activities were all carried out in different dates as compared to the planned dates.



2.3 Integrated Development Plan

Integrated Development Planning is the process through which the municipality prepares a strategic developmental plan, which is the principal strategic instrument guiding all planning, management, budgeting, development and implementation decisions, taking into account inputs from all stakeholders.

For our planning and programmes to be effective all strategic planning within the municipality must take place within the framework of the IDP. Through integrated development planning different plans are integrated, coordinated and linked to the use of natural, financial, human and physical resources.

During IDP review the following are some of the issues and concerns raised as well as comments received during the consultation process:

- Several complaints were received regarding poor service delivery, especially water and the state of road infrastructure (road sign, bridges, internal, access and main roads) that it need to tarred;
- There were requests regarding the electricity for high mass lights, infill's and extensions on the areas were the have been new development.
- To increase the swiftness for construction of halls, sports fields, toilets (UDS) and fencing of cemeteries including maintenance.
- The community also requested the municipality to improve on turnaround time relating to maintenance issues relating to water infrastructure

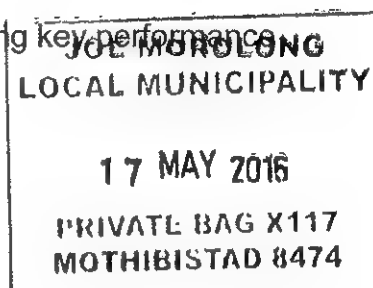
2.4 IDP and Service Delivery and Budget Implementation Plan

Municipalities are required to develop five year Integrated Development Plans which must be reviewed annually. It is also required that such plans must find expression in the Budget. The IDP and the budget are interrelated documents. The IDP is the budget in words, just as the budget is the IDP in figures. In the past two years

comprehensive efforts have been made towards ensuring that the two documents are closely link.

The municipality's IDP is a principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes



When compiling of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the midyear of 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.5 Community Consultation

The 2016/17 MTREF will be tabled before council on the 17th May 2016 together with community consultation time table. Consultation time table will be published in the municipal website and local newspaper and hard copies for draft budget will be available in the main municipal office and satellite offices and draft budget softcopy was loaded on the municipal website (www.joemorolong.gov.za).

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 04 to 15 April 2016. The applicable dates and venues will be published in all the local newspapers and notice board of public places. Other stakeholders involved in the consultation will include Agri Kuruman, sector departments, mining houses and churches and community-based organisations.

2.6 Overview of alignment of annual budget with IDP

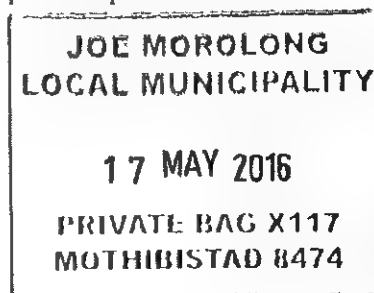
The IDP crosses departmental divisions by linking the physical, social, institutional and economic components of planning and development with management and development structure. It also integrates and aligns planning in different spheres of government and therefore enforcing and upholding the spirit of co-operative governance in the public sector.

For our planning and programmes to be effective all strategic planning within the municipality must take place within the framework of the IDP. Through integrated development planning different plans are integrated, coordinated and linked to the use of natural, financial, human and physical resources.

The following IDP's five strategic objectives that have directly informed the compilation of 2016/17 MTREF budget

- Provide quality basic services to community
- Good governance and community participation
- Institutional Development and Transformation
- Local Economic Development
- Municipal Financial Viability

The following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.



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Table 24 – Table SA4: Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective R thousand	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Provide quality basic services to community	Provision of infrastructure for water, sanitation, waste management, electricity and roads	139,018	135,299	183,635	154,699	151,524	151,524	168,652	200,551	231,091
Good governance and community participation	Promote community involvement through planning, monitoring and budgeting processes. Engagement of ward committees to hold monthly meeting with communities	10,207	2,884	5,317	6,548	6,548	6,548	7,856	7,917	8,297
Institutional Development and Transformation	Addressing Auditor General queries as per the action plan to ensure improvement in audit opinion. Firm up on performance management system. Managing the interface between the administrative and political structures	3,794	4,727	3,164	6,269	7,400	7,400	3,335	3,038	6,430
Local Economic Development	Ensure sustainable rural economic growth; ensure that most of the municipal projects are implemented through labour intensive programme. Also ensure that atleast 30% of most municipal infrastructural projects are awarded to local emerging contractors	5,709	2,496		-					
Municipal Financial Viability	Improved budgeting, revenue generation & protection, debtors control, grow and diversify revenue and value for money expenditure through an integrated financial plan	79,176	77,307	108,622	122,522	138,096	138,096	121,796	125,219	125,471
Total Revenue (excluding capital transfers and contributions)		237,904	222,714	300,739	290,038	303,569	303,569	301,639	336,725	371,289

Table 25 – Table SA5: Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective R thousand	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Provide quality basic services to community	Provision of infrastructure for water, sanitation, waste management, electricity and roads	144,878	56,926	40,241	87,588	106,968	106,968	76,531	86,001	72,726
Good governance and community participation	Promote community involvement through planning, monitoring and budgeting processes. Engagement of ward committees to hold monthly meeting with communities	11,703	10,276	17,807	7,871	7,871	7,871	19,231	23,904	26,416
Institutional Development and Transformation	Addressing Auditor General queries as per the action plan to ensure improvement in audit opinion. Firm up on performance management system. Managing the interface between the administrative and political structures	32,137	39,255	34,615	28,730	28,730	28,730	23,074	19,830	21,649
Local Economic Development	Ensure sustainable rural economic growth; ensure that most of the municipal projects are implemented through labour intensive programme. Also ensure that atleast 30% of most municipal infrastructural projects are awarded to local emerging contractors	9,353	9,912	8,865	4,229	4,229	4,229	6,685	7,241	7,590
Municipal Financial Viability	Improved budgeting, revenue generation & protection, debtors control, grow and diversify revenue and value for money expenditure through an integrated financial plan	72,040	41,299	(11,394)	35,237	35,237	35,237	38,792	41,531	41,811
Total Expenditure		270,111	157,668	90,134	163,655	183,035	183,035	164,313	178,507	170,192

Table 26– Table SA6: Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Provide quality basic services to community	Provision of infrastructure for water, sanitation, waste management, electricity and roads	218,628	110,245	169,381	107,769	120,150	120,150	122,425	139,087	186,441
Good governance and community participation	Promote community involvement through planning, monitoring and budgeting processes. Engagement of ward committees to hold monthly meeting with communities	25,767	19,386	12,405	17,360	17,360	17,360	2,720	2,997	5,882
Institutional Development and Transformation	Addressing Auditor General queries as per the action plan to ensure improvement in audit opinion. Firm up on performance management system. Managing the interface between the administrative and political structures	1,233	994	–	1,205	1,205	1,205	–	–	–
Local Economic Development	Ensure sustainable rural economic growth; ensure that most of the municipal projects are implemented through labour intensive programme. Also ensure that atleast 30% of most municipal infrastructural projects are awarded to local emerging contractors	–	–	–	–	–	–	12,031	15,813	8,725
Municipal Financial Viability	Improved budgeting, revenue generation & protection, debtors control, grow and diversify revenue and value for money expenditure through an integrated financial plan	528	521	(15)	50	50	50	150	320	50
Total Capital Expenditure		246,156	131,146	181,772	126,383	138,765	138,765	137,326	158,217	201,097

2.7 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 27– Table SA7: Measurable performance objectives

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Vote 1 - Executive & Council										
Function 1 - Council										
Tabling & Approval of IDP & Budget for each budget year	Approval before 31 May each year	1	1	1	1	1	1	1	1	1
Hold quarterly council meeting	Number of meeting held	4	4	4	4	4	4	4	4	4
Approval of Sec 72 Reports by 25 January each year	Approved Report & Resolution	1	1	1	1	1	1	1	1	1
Tabling & Approval of Adjusted Budget	Number of Adjusted Budget	1	1	1	1	1	1	1	1	1
Sub-function 2 - Municipal Manager										
The keeping and compilation of minutes of all meetings of Council and its committee	Number of minutes	20	20	20	20	20	20	20	20	20
Publication of four newsletter in financial year	Number of newsletter	4	4	4	4	4	4	4	4	4
Vote Budget & Treasury Office										
Sub-function 1 - Budget & Treasury										
Financial Statements by 31 August 2014 and submitted to the Auditor-General	Submitted AFS	1	1	1	1	1	1	1	1	1
All salaries and third party payments paid on time	Number	12	12	12	12	12	12	12	12	12
Monthly sec 71 reports	Number of report	12	12	12	12	12	12	12	12	12
Compile Quaterly reports	7 reports per quarter	28	28	28	28	28	28	28	28	28
Vote 3 - Corporate Services										
Function 1 - Corporate										
Maintenance of an effective record and registry system.	Continuous									
Administration of Human Resource recruitment and selection.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Update of Skills Development Plan	Number				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Oversee that training in terms of the Skills Development Plan is being implemented.	Continuous				1	1	1	1	1	1
Reclaim all monies due in term of Skills Development Plan.	4				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
					4	4	4	4	4	4
Vote 4 - Community Service										
Function 1 - Community										
Number with VIP toilets	Number									
Construction of sportfields	Number							1494	1200	2545
Construction of phase 1 Testing station	Complete testing station							2	2	2
This indicator reflects the number of single residential properties that the Municipality is aware of which are receiving a weekly door to door refuse removal service.	Number (1500)							1	1	
					1500	1500	1500	1500	1500	1500
Vote 5 - Technical Service										
Function 1 - Technical										
Construction of internal roads	Kilometre									
Construction of bridge	Number							6	5	1.5
								1		
Vote 7 - Water Unit										
Function 1 - Water										
Water control and management – breaks and losses – daily, weekly and monthly.	Continuous									
Water breaks must be repaired within twelve (12) hours after break has been reported.	Continuous				95%	95%	95%	95%	95%	95%
Managing total water supply system to ensure sufficient water provision.	Continuous				95%	95%	95%	95%	95%	95%
Monitoring of water quality and testing	Monthly				95%	95%	95%	95%	95%	95%

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The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF

Table 28– Table SA8: Performance indicators and benchmarks.

NC451 Joe Morolong - Supporting Table SA8 Performance indicators and benchmarks

NC451 Joe Morolong - Supporting Table SA Performance Indicators and Benchmarks											
Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.9%	0.9%	1.1%	1.0%	0.4%	0.0%	1.1%	1.0%	1.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.3%	0.9%	2.1%	6.3%	4.3%	1.9%	0.0%	4.4%	4.2%	4.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	0.4	0.0	1.1	1.4	1.4	1.4	—	1.2	2.0	3.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.4	0.0	1.1	1.4	1.4	1.4	—	1.2	2.0	3.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.4	0.0	0.9	0.9	0.9	—	0.7	1.5	2.9
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		126.5%	307.6%	62.8%	85.0%	65.1%	65.1%	0.0%	85.0%	85.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		126.5%	307.6%	0.0%	85.0%	65.1%	65.1%	0.0%	85.0%	85.0%	85.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	35.4%	26.5%	26.9%	2.8%	2.6%	2.6%	0.0%	3.2%	3.2%	3.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))				100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		-3100.7%	0.0%	491.8%	96.1%	186.6%	186.6%	0.0%	131.7%	61.3%	32.0%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	<div>JOE MOROLONG LOCAL MUNICIPALITY 17 MAY 2016 PRIVATE BAG X117 MOTHIBISTAD 8474</div>									
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)	<div>JOE MOROLONG LOCAL MUNICIPALITY 17 MAY 2016 PRIVATE BAG X117 MOTHIBISTAD 8474</div>									
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	27.7%	38.9%	20.2%	28.2%	27.5%	27.5%	0.0%	32.8%	32.7%	32.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	34.3%	46.8%	20.0%	33.1%	31.4%	31.4%		39.0%	39.0%	39.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	11.5%	19.1%	4.8%	15.2%	16.8%	16.8%		10.0%	13.1%	3.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	20.4%	0.0%	11.4%	6.3%	5.8%	5.3%	0.0%	6.8%	7.3%	7.8%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	21.0	11.7	47.6	23.7	23.7	23.7	—	47.2	49.3	51.3
ii OrS Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	147.1%	157.9%	192.2%	18.6%	15.9%	15.9%	0.0%	13.7%	13.8%	13.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(0.4)	2.2	0.0	1.4	0.7	0.7	—	1.0	2.2	4.1

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, municipality borrowing strategy is primarily informed by the affordability of debt repayments. The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF:

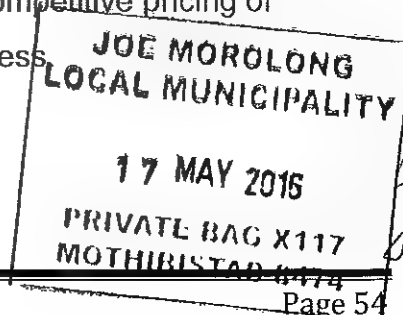
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure.
- *Capital charges to own revenue* is a measure of the cost of borrowing in relation to the municipality's own revenue.

Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

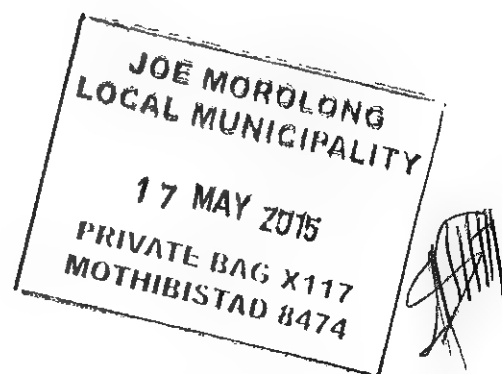
Creditors Management

The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure more than 95 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.



Other Indicators

- Electricity and Water losses: the municipality is still busy installing the meters that will assist in measuring the losses of both electricity and electricity with the assistance DBSA programme.
- Employee costs as a percentage of operating revenue fluctuate over the 2016/17 MTREF.
- Repairs and maintenance as percentage of operating revenue fluctuate over the 2016/17 MTREF.



2.8 Overview budget related policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

a) Budget, Funding, Reserves and Virement Policy

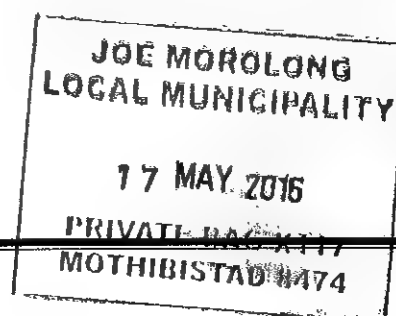
The policy aim to set out; the principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget, responsibilities of the mayor , the accounting officer , the chief financial officer and other senior managers in compiling the budget and to establish and maintain procedures to ensure adherence Joe Morolong Municipality's IDP review and budget processes.

b) Banking and Investment Policy

The policy aim to gain the optimal return on banking and investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus.

c) Credit Control and Debt Collection Policy

The policy aim to maximize revenue by timeously collecting all moneys owed to the municipality; ensure that action are taken to recover arrear debt is warranted and fair; to enable Joe Morolong Local Municipality to develop and maintain a sustainable service delivery relationship with its customers; to deliver excellent service to the communities of Joe Morolong Local Municipality in return for payment of their rates and service accounts and encourage and inculcate the culture of payment.



d) Tariffs Policy

The policy aim to empower council with among other things, the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements. To determine fair, transparent and affordable charges based on its economic regions and their impact on local economic development.

e) Fruitless and Wasteful Expenditure Policy

The policy aim to provide for measures to identify unauthorised, irregular or fruitless and wasteful expenditure; provide for frameworks to avoid of any irregular expenditure or any fruitless and wasteful expenditure; provide for recovery of irregular expenditure or any fruitless and wasteful expenditure and to provide for reporting on any irregular expenditure or any fruitless and wasteful expenditure.

f) Supply Chain Management Policy

The policy aim to ensure sound, sustainable and accountable supply chain management practices within the municipality, whilst promoting black economic empowerment as a priority in terms of the goals and objectives of the municipality's preferential procurement policy.

The above policies will be available on the municipal website (www.joemorolong.gov.za) as well as the following:

- Property Rates policy
- Fixed Assets policy
- Risk Management Policy
- Cash Shortage Policy
- Bad Debt Written Off Policy
- Asset Management Policy
- Petty Cash Policy



2.9 Overview of budget assumptions

a) Inflation

There are some factors that have been taken into consideration in the compilation of the 2016/17 budget:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipal residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 32 per cent of total operating expenditure in the 2016/17 MTREF. The wage agreement has not yet been concluded between SALGBC and municipal workers unions which can be a little risky based on the previous agreements that was signed.

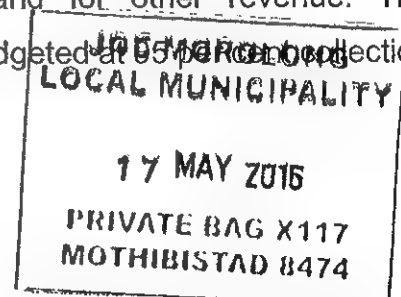
b) Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection currently has been budgeted at 95 per cent of annual billings for rates, services, rents, and for other revenue. The performance of arrear collections have been budgeted at 95 per cent collection for 2016/17 MTREF.

c) Salary increases

The wage agreement has not yet been concluded between SALGBC and municipal workers unions which can be a little risky based on the previous agreements that was signed. The municipality has budget salary increase of 6.0 percent and in case the agreement will be below the budgeted increase, this will be good as it will be the additional money available on improving of service delivery.



d) Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- EPWP and LED through the capital projects
- Provision of clean water
- Sanitation
- Electricity; and
- Decent housing

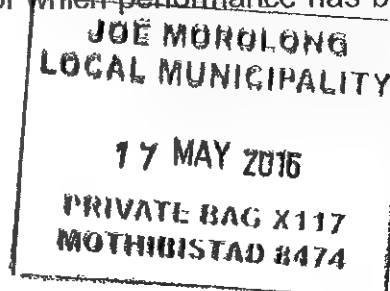
To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

e) Ability of the municipality to spend and deliver on the programmes

It is estimated that spending rate at an average of at least 98 per cent is to be achieved on operating expenditure and average of 99 per cent on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.

f) Ability of the municipality to spend and deliver on the programmes

It is estimated that spending rate at an average of at least 98 per cent is to be achieved on operating expenditure and average of 100 per cent on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.



2.10 Overview of budget funding

a) Operating Revenue

The following table is a breakdown of the operating revenue over medium term:

Table 29 – Breakdown of the operating revenue over medium term

Description R thousand	2016/17 Medium Term Revenue & Expenditure Framework					
	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Revenue By Source						
Property rates	12,863	8.0%	13,634	8.0%	14,452	8.0%
Property rates - penalties & collection charges		0.0%				
Service charges - other	24,809	15.4%	25,526	15.0%	26,298	14.6%
Transfers recognised - operational	122,361	75.8%	129,578	76.0%	136,968	76.2%
Other revenue	1,476	0.9%	1,824	1.1%	1,914	1.1%
Total Revenue (excluding capital transfers and contributions)	161,508	0	170,563	0	179,632	

Tariff setting plays a major role in ensuring the desired level of revenue, even though the municipality is still dependent on grants. Getting the tariff setting right assist in the compilation of credible and funded budget. The municipality derives its operational revenue from provision of services namely: water, electricity, sanitation and solid waste removal including property rates. The operational grants plays a major role in the municipal budget funding.

b) Capital Revenue

The following table is a breakdown of the capital revenue over medium term:

Table 30 – Breakdown of the capital funding over medium term

The following graph represent the breakdown of the capital funding for the 2015/16 financial year;

Description			2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Funded by:								
National Government	118,575	85.5%	129,377	94.2%	148,250	93.7%	191,805	95.4%
Transfers recognised - capital	118,575		129,377		148,250		191,805	
Public contributions & donations	9,985	7.2%		0.0%		0.0%		0.0%
Borrowing	—	0.0%		0.0%		0.0%		0.0%
Internally generated funds	10,204	7.4%	7,949	5.8%	9,967	6.3%	9,293	4.6%
Total Capital Funding	138,765	0	137,326		158,217		201,097	0

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Table 31 – Table SA18: Breakdown of the capital funding over medium term

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:									
Capital Transfers and Grants									
National Government:	122,457	116,221	124,044	141,099	144,006	144,006	143,023	169,265	194,937
Municipal Infrastructure Grant (MIG)	56,479	55,253	57,058	58,599	58,599	58,599	57,839	62,060	65,597
Regional Bulk Infrastructure	58,398	43,436	5,017		2,907	2,907			
Municipal Water Infrastructure Grant	5,705	7,036	50,000	60,000	60,000	60,000			
EPWP		2,496	1,969						
Water Operation and Subsidy Grant	1,875	8,000	10,000	22,500	22,500	22,500			
Water Services Infrastructure Grant							85,184	107,205	129,340
Provincial Government:	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	6,098	11,252	7,067	-	14,176	14,176	-	-	-
ACIP Sanitation	6,098	2,796							
South 32 mine					4,221	4,221			
kumba resources mine		8,455	7,067	-	9,955	9,955			
Total Capital Transfers and Grants	128,555	127,472	131,110	141,099	158,181	158,181	143,023	169,265	194,937
TOTAL RECEIPTS OF TRANSFERS & GRANTS	198,583	201,729	227,868	285,298	310,696	310,696	262,492	296,090	327,672

c) Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below provides understanding for Councillors and management. Some specific feature includes:

- Clear separation of receipts and payment by category
- Clear separation of government capital and operating receipts, which enables cash from ratepayers and other; to be provided for as cash inflow based on their actual performance and assist in determining collection rate for the municipality.
- Separation of borrowing and loan repayments.

The table below shows that cash and cash equivalent of the municipality. The 2015/16 MTREF show a steadily increase in cash and cash equivalent at the end of financial years.

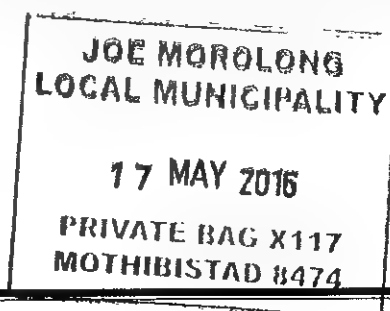


Table 32 – Table A7: Budgeted cash flow management

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges	2,453	3,371	8,989	8,916	6,515	6,515		10,933	11,589	12,285
Service charges	28,098	45,458	11,545	13,526	13,609	13,609		21,087	21,697	22,353
Other revenue	3,426	3,355	85,346	714	9,371	9,371		1,221	1,208	1,242
Government - operating	70,029	74,257	96,758	147,129	155,445	155,445		122,361	129,578	136,968
Government - capital	327,252	127,487	116,771	115,669	132,751	132,751		140,131	165,071	194,937
Interest	123	260	1,155	40	364	364		43	45	48
Dividends								-	-	-
Payments										
Salaries and employees	(200,742)	(104,313)	(127,083)	(143,873)	(169,779)	(169,779)		(97,266)	(97,964)	(103,695)
Finance charges	(96)	(232)	(202)	(149)	(177)	(177)		(943)	(953)	(962)
Transfers and Grants			(18,379)	(4,730)	(4,730)	(4,730)		(39,529)	(43,479)	(45,599)
NET CASH FROM/(USED) OPERATING ACTIVITIES	230,544	149,643	174,898	137,242	143,370	143,370	-	158,038	186,793	217,576
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								-	-	-
Decrease (Increase) in non-current debtors								-	-	-
Decrease (Increase) other non-current receivables								-	-	-
Decrease (Increase) in non-current investments		362						-	-	-
Payments										
Capital assets	(246,156)	(131,146)	(181,312)	(126,383)	(138,900)	(138,900)		(149,310)	(173,655)	(196,275)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(246,156)	(130,784)	(181,312)	(126,383)	(138,900)	(138,900)	-	(149,310)	(173,655)	(196,275)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-	-	-
Borrowing long term/refinancing								-	-	-
Increase (decrease) in consumer deposits								-	-	-
Payments										
Repayment of borrowing	(611)	(1,225)	(638)	(784)	(784)	(784)		(784)	(784)	(784)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(611)	(1,225)	(638)	(784)	(784)	(784)	-	(784)	(784)	(784)
NET INCREASE/(DECREASE) IN CASH HELD	(16,223)	17,634	(7,052)	10,074	3,686	3,686	-	7,944	12,354	20,517
Cash/cash equivalents at the year begin:	13,293	(2,568)	15,216	3,099	3,099	3,099		2,055	9,998	22,352
Cash/cash equivalents at the year end:	(2,930)	15,065	8,164	13,173	6,785	6,785		9,998	22,352	42,869

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Table 33 – Table SA10: Funding Compliance Measurement

NC451 Joe Morolong Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	(2,930)	15,065	8,164	13,173	6,785	6,785	-	9,998	22,352	42,869
Cash + investments at the yr end less applications - R'000	18(1)b	2	(54,216)	33,615	119,418	4,945	4,355	4,355	-	1,468	13,468	33,984
Cash year end/monthly employee/supplier payments	18(1)b	3	(0.4)	2.2	6.3	1.4	0.7	0.7	-	1.0	2.2	4.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(32,207)	65,046	210,605	126,383	120,529	121,503	-	140,694	166,257	203,862
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(40.3%)	99.9%	(25.2%)	11.2%	(6.0%)	(106.0%)	15.8%	(2.0%)	(1.9%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	100.0%	251.8%	277.9%	85.0%	73.0%	73.0%	0.0%	84.9%	84.2%	84.1%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	134.9%	14.7%	(183.1%)	15.0%	12.8%	12.8%	0.0%	8.1%	8.4%	8.7%
Capital payments % of capital expenditure	18(1)c,(19)	8	102.5%	100.0%	99.7%	100.0%	100.1%	95.7%	0.0%	108.7%	109.8%	97.6%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(29.5%)	149.6%	(32.2%)	0.0%	0.0%	(100.0%)	4.9%	4.9%	0.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.1%	1.6%	0.4%	2.1%	2.3%	2.3%	0.0%	1.0%	1.2%	0.3%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Cash and Cash equivalents

The municipality's cash position was discussed as part of the budgeted cash flow statement. If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

Cash and Investments less applications

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. A positive cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

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Cash at year end/monthly employee and supplier payments

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection. Remarkably, the ratio has been fluctuating for the period 2013/14 to 2014/15 moving from 1.2 to (2.2) with the adopted 2014/15 outcome. In 2015/16 adopted budget the ratio was at positive and after revised budget increased to 2.0, as part of the 2016/17 MTREF the municipality continues to strive in improve cash position though the ratio to move downwards to 1.8 and then continue to increase over the MTREF. As indicated above the municipality will be able to cover the municipality's employee and supplier payments.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. For the 2016/17 MTREF the suggestive outcome is a surplus of R149.1 million, R173.7 million and R196.2 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

Service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in revenue, which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3-6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage increase to 17.9 then decreases slightly to 1.8 then increase to 1.9 per cent for the respective two outer financial years. The increase in revenue is as results of property rate which was informed by the updated valuation roll whereby the rates revenue decreased by 34 per cent in 2015/16 financial year. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in water at 12 per cent. This trend will have to be carefully monitored and managed with the implementation of the budget.

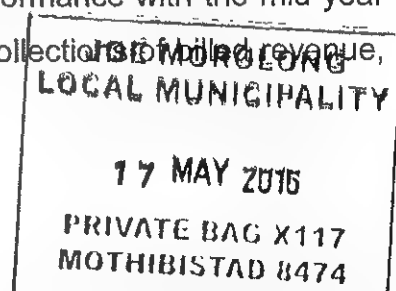
Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are collected. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 95 per cent for each of the respective financial years. It must be noted that service charges, property rate and rent is calculated at the collection rate of 95 per cent.

In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be precisely managed. Should performance with the mid-year review and adjustments be positive in relation to actual collection of billed revenue, the adjustments budget will be amended accordingly.

Debt Impairment expense as % of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 5.0, 4.9 and 4.8 per cent over the MTREF.



Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

Borrowing Receipts % of Capital Expenditure

The purpose of this measurement is to determine the proportion of a municipality's own-funded capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. The municipality will not be utilizing external borrowing for any of its capital projects and therefore the ratio is 0%.

Transfers / Grants Revenue as a % of Government Grants Available

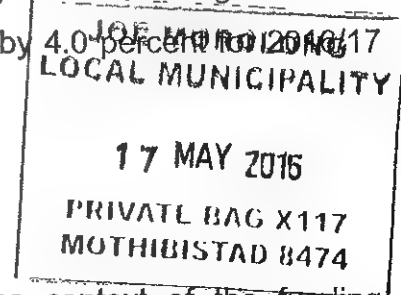
The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

Current Consumer Debtors % change

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are two measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. The municipality is currently data cleansing which will reduce the debtor's arrears. The consumer will increase by 4.0 percent for 2016/17 then 4.9 percent for the outer years.

Repairs and Maintenance expenditure levels

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or

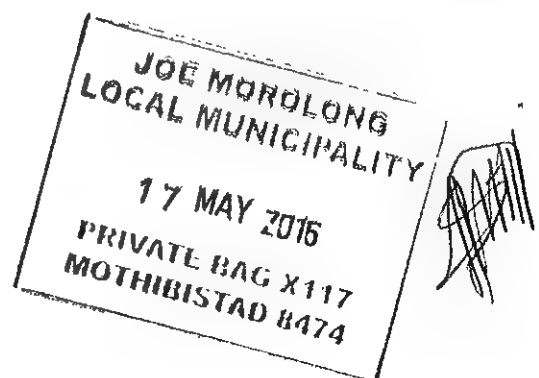


sustainable in the medium to long term because the revenue budget is not being protected.

The total repairs and maintenance amounts to 1.2% of the total value Property, Plant and Equipment in the 2016/17 budget and decreases to at least 1% in the following year. We acknowledge that the municipality should provide at least 8% of the total value of assets for repair and maintenance as stated on MFMA Circular No 70. The value of our municipal assets amount to R 1.0 billion and the total budgeted repairs and maintenance amount to R 16. Million and decreases to R22 million and then R 5.8 million respectively for the outer years.

Asset renewal as % of capital budget

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability.



2.11 Expenditure on grants and reconciliations of unspent funds

Table 34 – Table SA19 - Expenditure on transfers and grants programmes

NC451 Joe Morolong - Supporting Table SA19 Expenditure on transfers and grant programme

Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
EXPENDITURE:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		69,806	73,667	95,789	142,694	142,694	142,694	117,928	125,187	132,352
Local Government Equitable Share		67,506	71,227	93,255	115,253	115,253	115,253	115,068	123,042	129,952
Water Services Operating Subsidy					22,500	22,500	22,500			
Finance Management		1,500	1,550	1,600	1,675	1,675	1,675	1,810	2,145	2,400
Municipal Systems Improvement		800	890	934	930	930	930			
EPWP Incentive					2,336	2,336	2,336	1,050		
Provincial Government:		223	590	969	1,505	9,821	9,821	1,541	1,638	1,733
Sport and Recreation		223	590	969	1,505	1,505	1,505	1,541	1,638	1,733
Housing						8,316	8,316			
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		70,029	74,257	96,758	144,199	152,515	152,515	119,469	126,825	134,085
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		64,059	72,785	119,027	118,599	118,599	118,599	143,023	169,265	194,937
Municipal Infrastructure Grant (MIG)		56,479	55,253	57,058	58,599	58,599	58,599	57,839	62,060	65,597
Regional Bulk Infrastructure										
Municipal Water Infrastructure Grant		5,705	7,036	50,000	60,000	60,000	60,000			
Water Operation and Subsidy Grant		1,875	2,496	1,969						
Water Services Infrastructure Grant			8,000	10,000				85,184	107,205	129,340
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		6,098	11,252	7,067	-	14,176	14,176	-	-	-
ACIP Sanitation		6,098	2,796			4,221	4,221			
South 32 mine			8,455	7,067	-	9,955	9,955			
kumba resources mine										
Total capital expenditure of Transfers and Grants		70,157	84,036	126,094	118,599	132,775	132,775	143,023	169,265	194,937
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		140,186	158,293	222,852	262,798	285,289	285,289	262,492	296,090	329,022

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Table 35 – Table SA20 – Reconciliation of transfers, grants receipts and unspent funds

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year									
Current year receipts	69,806	73,667	95,789	142,694	142,694	142,694	117,928	125,187	131,002
Conditions met - transferred to revenue	69,806	73,667	95,789	142,694	142,694	142,694	117,928	125,187	131,002
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts	223	590	1,069	1,505	9,821	9,821	1,541	1,638	1,733
Conditions met - transferred to revenue	223	590	1,069	1,505	9,821	9,821	1,541	1,638	1,733
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	70,029	74,257	96,758	144,199	152,515	152,515	119,469	126,825	132,735
Total operating transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year									
Current year receipts	64,059	72,785	119,027	141,099	141,099	141,099	143,023	169,265	194,937
Conditions met - transferred to revenue	64,059	72,785	119,027	141,099	141,099	141,099	143,023	169,265	194,937
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts	6,098	11,252	7,067	-	14,176	14,176	-	-	-
Conditions met - transferred to revenue	6,098	11,252	7,067	-	14,176	14,176	-	-	-
Conditions still to be met - transferred to liabilities									
Total capital transfers and grants revenue	70,157	84,036	126,094	141,099	155,275	155,275	143,023	169,265	194,937
Total capital transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	140,186	158,293	222,852	285,298	307,789	307,789	262,492	296,090	327,672
TOTAL TRANSFERS AND GRANTS - CTBM	-	-	-	-	-	-	-	-	-

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2.12 Councillors and employee benefits

Table 36 – Table SA 22 – Summary of councillors and staff benefits

Summary of Employee and Councillor remuneration R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	3,842	5,223		4,904	4,904	4,904	6,114	6,480	6,869
Pension and UIF Contributions	–	–		707	860	860	917	972	1,030
Medical Aid Contributions	–	–		–	–	–	–	–	–
Motor Vehicle Allowance	2,876	1,928		2,174	3,236	3,236	2,274	2,411	2,556
Cellphone Allowance		353		754	714	714	710	752	797
Housing Allowances					–	–			
Other benefits and allowances									
Sub Total - Councillors	6,718	7,504	–	8,538	9,713	9,713	10,015	10,616	11,253
% increase		11.7%	(100.0%)		13.8%		3.1%	6.0%	6.0%
Senior Managers of the Municipality									
Basic Salaries and Wages	2,035	2,900	3,152	2,778	2,778	2,778	2,945	3,121	3,309
Pension and UIF Contributions	1	–		495	495	495	524	556	589
Medical Aid Contributions	–	–		141	141	141	150	159	168
Overtime	–	–		–	–	–	–	–	–
Performance Bonus	–	–		–	–	–	–	–	–
Motor Vehicle Allowance	1,202	1,522	904	1,561	1,561	1,561	1,655	1,754	1,860
Cellphone Allowance	14	61	29	92	92	92	97	103	109
Housing Allowances	44	–	818	488	488	488	518	549	582
Other benefits and allowances	188	404	498	0	0	0	0	0	0
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Senior Managers of Municipality	3,484	4,887	5,402	5,556	5,556	5,556	5,889	6,242	6,617
% increase		40.2%	10.5%	2.9%			6.0%	6.0%	6.0%
Other Municipal Staff									
Basic Salaries and Wages	15,829	17,812	23,465	27,037	27,037	27,037	28,896	30,525	32,218
Pension and UIF Contributions	2,653	3,705	4,516	5,381	5,381	5,381	5,481	5,785	6,157
Medical Aid Contributions	1,762	2,170	2,825	2,547	2,547	2,547	2,473	2,722	2,965
Overtime	1,056	1,513	1,698	632	632	632	1,163	1,233	1,308
Performance Bonus	950	1,679	2,020	2,429	2,429	2,429	2,392	2,487	2,636
Motor Vehicle Allowance	2,232	3,587	4,774	2,443	2,443	2,443	2,700	2,689	2,851
Cellphone Allowance	593	437	403	549	549	549	1,105	1,152	1,211
Housing Allowances	297	519	1,306	2,141	2,141	2,141	2,465	2,592	2,743
Other benefits and allowances	208	716	408	410	410	410	416	427	453
Payments in lieu of leave	(1,184)	–		75	75	75			
Long service awards	92	–	112		–	–			
Post-retirement benefit obligations									
Sub Total - Other Municipal Staff	24,490	32,138	41,527	43,644	43,644	43,644	47,090	49,612	52,541
% increase		31.2%	29.2%	5.1%			7.9%	5.4%	5.9%
Total Parent Municipality	34,692	44,529	46,929	57,738	58,913	58,913	62,993	66,470	70,410
% increase		28.4%	5.4%	23.0%	2.0%		6.9%	5.5%	5.9%
Board Members of Entities									
Senior Managers of Entities									
Other Staff of Entities									
Total Municipal Entities	–	–	–	–	–	–	–	–	–
TOTAL SALARY, ALLOWANCES & BENEFITS	34,692	44,529	46,929	57,738	58,913	58,913	62,993	66,470	70,410
% increase		28.4%	5.4%	23.0%	2.0%		6.9%	5.5%	5.9%
TOTAL MANAGERS AND STAFF	27,974	37,025	46,929	49,199	50,000	50,000	52,979	55,854	59,157

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Table 37 – Table SA 23 – Salaries, allowance and benefits (political office bearers/councillors/senior managers)

NC451 Joe Morolong - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum								
Councillors	3							
Speaker	4		419,742	62,961	208,026			690,729
Chief Whip			393,125	58,969	163,666			615,760
Executive Mayor			526,207	78,931	172,538			777,676
Deputy Executive Mayor								–
Executive Committee			1,179,376	176,907	490,997			1,847,280
Total for all other councillors			3,595,219	539,284	1,945,158			6,079,661
Total Councillors	8	–	6,113,669	917,052	2,980,385			10,011,106
Senior Managers of the Municipality	5							
Municipal Manager (MM)			914,911	1,785	402,081			1,318,777
Chief Finance Officer			424,800	162,225	392,275			979,300
DIRECTOR: CORPORATE SERVICES			510,598	95,713	364,077			970,388
DIRECTOR: COMMUNITY SERVICES			496,800	131,168	383,275			1,011,243
DIRECTOR: TECHNICAL SERVICES			558,598	134,406	345,077			1,038,081
DIRECTOR: PLANNING & DEVELOPMENT			520,194	89,241	396,271			1,005,706
Total Senior Managers of the Municipality	8,10	–	3,425,902	614,538	2,283,056	–		6,323,495
Total for municipal entities	8,10	–	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	9,539,571	1,531,590	5,263,441	–		16,334,601

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Table 38 – Table SA 24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2014/15			Current Year 2015/16			Budget Year 2016/17		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	29		29	29		29	29		29
Board Members of municipal entities									
Municipal employees									
Municipal Manager and Senior Managers	6		6	6		6	6		6
Other Managers	16	10	1	14	14		12	12	–
Professionals	11	8	–	15	15	–	16	17	7
Finance	3	2		5	5		6	7	7
Spatial/town planning									
Information Technology				1	1				
Roads									
Electricity				1	1				
Water	3	2					1	–	
Sanitation									
Refuse									
Other	5	4		8	8		9	10	–
Technicians	61	45	–	64	64	–	63	64	–
Finance									
Spatial/town planning	1						1		
Information Technology	1	1		1	1		1	1	
Roads	3	1		2	2		2	2	
Electricity	1	1		3	3		4	4	
Water									
Sanitation									
Refuse				3	3				
Other	55	42		55	55		56	57	
Workers (Clerical and administrative)									
Service and sales workers									
Skilled agricultural and fishery workers									
Craft and related trades	40	30		26	26		26	26	
Plant and Machine Operators	80	41		80	80		90	90	
Elementary Occupations									
TOTAL PERSONNEL NUMBERS	243	134	36	234	199	35	242	209	42
% Increase				(3.7%)	48.5%	(2.8%)	3.5%	4.9%	20.7%
Total municipal employees headcount									
Finance personnel headcount	36	24		37	32	5	37	37	5
Human Resources personnel headcount	17	15		18	18		20	20	

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2.12 Monthly targets for revenue, expenditure and cash flow

Table 39 – Table SA 25 – Budgeted monthly revenue and expenditure

NC451 Joe Morolong – Supporting Table SA25 Budgeted monthly revenue and expenditure

Description		Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																	
Revenue By Source																	
Property rates			12,863												12,863	13,634	14,452
Property rates - penalties & collection charges			—												—	—	—
Service charges - electricity revenue			587												587	587	8,210
Service charges - water revenue			1,267												1,267	1,267	15,200
Service charges - sanitation revenue			138												138	138	1,748
Service charges - refuse revenue			77												77	77	1,033
Service charges - other			—												—	—	—
Rental of facilities and equipment			8												8	8	103
Interest earned - external investments			—												—	—	—
Interest earned - outstanding debtors			4												4	4	56
Dividends received			—												—	—	—
Fines			—												—	—	—
Licences and permits			—												—	—	—
Agency services			10												10	10	123
Transfers recognised - operational			61,951												122,381	128,578	136,868
Other revenue			101												101	101	1,633
Gains on disposal of PPE															—	—	—
Total Revenue (excluding capital transfers and contributions)			64,141	15,053	2,181	2,191	2,191	2,191	2,191	2,191	26,355	2,191	2,191	2,181	181,508	170,563	179,632
Expenditure By Type																	
Employee related costs			4,415	4,415	4,415	4,415	4,415	4,415	4,415	4,415	4,415	4,415	4,415	4,415	52,979	65,854	59,157
Remuneration of councillors			835	835	835	835	835	835	835	835	835	835	835	835	10,015	10,616	11,253
Debt impairment			254	254	254	254	254	254	254	254	254	254	254	254	3,063	3,561	3,661
Depreciation & asset impairment			833	833	833	833	833	833	833	833	833	833	833	833	10,000	11,580	13,000
Finance charges			79	79	79	79	79	79	79	79	79	79	79	79	943	982	982
Bulk purchases			1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	12,085	13,228	13,576
Other materials			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contracted services			1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	22,586	22,923	22,923
Transfers and grants			412	412	412	412	412	412	412	412	412	412	412	412	4,938	5,376	5,376
Other expenditure			3,696	3,696	3,696	3,696	3,696	3,696	3,696	3,696	3,696	3,696	3,696	3,696	44,347	46,814	37,619
Loss on disposal of PPE			—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure			13,412	13,693	13,693	13,693	13,693	13,693	13,693	13,693	13,693	13,693	13,693	13,693	180,945	170,468	187,427
Surplus/(Deficit)			50,729	1,360	(11,502)	(11,502)	(11,502)	(11,502)	(11,502)	(11,502)	12,662	(11,502)	(11,502)	(8,417)	563	95	12,205
Transfers recognised - capital			70,066								28,026				140,131	166,162	187,957
Contributions recognised - capital															—	—	—
Contributed assets															—	—	—
Surplus/(Deficit) after capital transfers & contributions			120,795	1,360	(11,502)	(11,502)	(11,502)	(11,502)	(11,502)	(11,502)	40,688	(11,502)	(11,502)	(8,417)	140,694	166,257	203,862
Taxation															—	—	—
Attributable to minorities															—	—	—
Share of surplus/(deficit) of associate															—	—	—
Surplus/(Deficit)		1	120,795	1,360	(11,502)	(11,502)	(11,502)	(11,502)	(11,502)	(11,502)	40,688	(11,502)	(11,502)	(8,417)	140,694	166,257	203,862

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Table 40 – Table SA 26 – Budgeted monthly revenue and expenditure (municipal vote)

NC451 Joe Morolong - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

R thousand	Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
			July	August	Sept	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year 2017/18	
Revenue by Vote																	
	Vote 1 - Executive & Council		526	526	526	526	526	526	526	526	526	526	526	526	6,315	6,629	5,961
	Vote 2 - Budget & Treasury Office		10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	10,300	123,505	132,383	140,045
	Vote 3 - Corporate Support Services		26	26	26	26	26	26	26	26	26	26	26	26	312	291	291
	Vote 4 - Community Services		444	444	444	444	444	444	444	444	444	444	444	444	5,325	4,540	4,815
	Vote 5 - Technical Services		4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	57,929	62,155	65,598
	Vote 6 - Electricity Services		587	587	587	587	587	587	587	587	587	587	587	587	7,038	7,802	8,210
	Vote 7 - Water Services		8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	101,114	123,135	145,270
	Vote 8 - Development & Town Planning Services														-	-	-
	Vote 9 - [NAME OF VOTE 9]														-	-	-
	Vote 10 - [NAME OF VOTE 10]														-	-	-
	Vote 11 - [NAME OF VOTE 11]														-	-	-
	Vote 12 - [NAME OF VOTE 12]														-	-	-
	Vote 13 - [NAME OF VOTE 13]														-	-	-
	Vote 14 - [NAME OF VOTE 14]														-	-	-
	Vote 15 - [NAME OF VOTE 15]														-	-	-
Total Revenue by Vote			25,137	25,137	25,137	25,137	25,137	25,137	25,137	25,137	25,137	25,137	25,137	25,134	301,639	336,725	371,289
Expenditure by Vote to be appropriated																	
	Vote 1 - Executive & Council		1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	18,741	19,758	20,986
	Vote 2 - Budget & Treasury Office		3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177	38,125	41,031	44,076
	Vote 3 - Corporate Support Services		1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	14,017	15,142	16,161
	Vote 4 - Community Services		857	857	857	857	857	857	857	857	857	857	857	857	10,284	11,075	11,793
	Vote 5 - Technical Services		466	466	466	466	466	466	466	466	466	466	466	466	5,594	6,146	6,482
	Vote 6 - Electricity Services		849	849	849	849	849	849	849	849	849	849	849	849	10,185	11,327	11,407
	Vote 7 - Water Services		4,987	5,268	5,268	5,268	5,268	5,268	5,268	5,268	5,268	5,268	5,268	5,268	59,845	62,446	52,709
	Vote 8 - Development & Town Planning Services		346	346	346	346	346	346	346	346	346	346	346	346	4,155	3,543	4,112
	Vote 9 - [NAME OF VOTE 9]														-	-	-
	Vote 10 - [NAME OF VOTE 10]														-	-	-
	Vote 11 - [NAME OF VOTE 11]														-	-	-
	Vote 12 - [NAME OF VOTE 12]														-	-	-
	Vote 13 - [NAME OF VOTE 13]														-	-	-
	Vote 14 - [NAME OF VOTE 14]														-	-	-
	Vote 15 - [NAME OF VOTE 15]														-	-	-
Total Expenditure by Vote			13,412	13,693	13,693	13,693	13,693	13,693	13,693	13,693	13,693	13,693	13,693	10,505	150,945	170,468	167,427
Surplus/(Deficit) before assoc.			11,725	11,444	11,444	11,444	11,444	11,444	11,444	11,444	11,444	11,444	11,444	14,629	140,694	166,257	203,862
Taxation															-	-	-
Attributable to minorities															-	-	-
Share of surplus/ (deficit) of associate															-	-	-
Surplus/(Deficit)			1	11,725	11,444	11,444	11,444	11,444	11,444	11,444	11,444	11,444	11,444	14,629	140,694	166,257	203,862

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Table 41 – Table SA 27 – Budgeted monthly revenue and expenditure (standard classification)

Budget Year 2016/17																	
R thousand	Description	Ref	Budgeted monthly revenue and expenditure (standard classification)														
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year 2017/18	Budget Year 2018/19
Revenue - Standard																	
Governance and administration																	
	Executive and council		10,353	10,702	10,702	10,702	10,702	10,702	10,702	10,702	10,702	10,702	10,702	12,359	130,233	139,293	147,298
	Budget and treasury office		526	526	526	526	526	526	526	526	526	526	526	526	6,315	6,315	6,951
	Corporate services		10,300	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	11,809	123,608	132,383	140,045
Community and public safety																	
	Community and social services		230	1,805	101	101	26	26	26	26	26	26	26	23	312	281	281
	Sport and recreation		220	1,595	91	91	91	91	91	91	91	91	91	10	2,764	1,816	1,927
	Public safety		-	-	-	-	-	-	-	-	-	-	-	0	2,634	1,684	1,781
	Housing		10	10	10	10	10	10	10	10	10	10	10	-	-	132	145
	Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services																	
	Planning and development		4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	57,928	62,155	65,898
	Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services																	
	Electricity		9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227	110,723	133,481	156,367
	Water		8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	587	7,038	7,802	8,210
	Waste water management		138	138	138	138	138	138	138	138	138	138	138	138	1,650	1,749	1,854
	Waste management		77	77	77	77	77	77	77	77	77	77	77	77	920	975	1,033
Other																	
			25,137	26,362	24,858	24,858	24,858	24,858	24,858	24,858	24,858	24,858	24,857	26,423	301,838	336,725	371,289
Total Revenue - Standard																	
Expenditure - Standard																	
Governance and administration																	
	Executive and council		5,907	5,907	5,907	5,907	5,907	5,907	5,907	5,907	5,907	5,907	5,907	5,907	70,882	75,931	80,925
	Budget and treasury office		1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	18,741	19,758	20,686
	Corporate services		3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177	38,125	41,031	44,078
Community and public safety																	
	Community and social services		1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	14,017	15,142	16,161
	Sport and recreation		715	715	715	715	715	715	715	715	715	715	715	715	8,584	9,309	9,798
	Public safety		637	637	637	637	637	637	637	637	637	637	637	637	7,643	8,201	8,689
	Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Health		78	78	78	78	78	78	78	78	78	78	78	78	940	1,107	1,107
Economic and environmental services																	
	Planning and development		812	812	812	812	812	812	812	812	812	812	812	812	9,749	9,689	-
	Road transport		812	812	812	812	812	812	812	812	812	812	812	812	812	812	10,594
Trading services																	
	Electricity		5,977	6,258	6,258	6,258	6,258	6,258	6,258	6,258	6,258	6,258	6,258	3,171	71,730	75,539	86,113
	Water		4,987	5,268	5,268	5,268	5,268	5,268	5,268	5,268	5,268	5,268	5,268	2,180	59,845	62,445	66,113
	Waste water management		83	83	83	83	83	83	83	83	83	83	83	59	702	702	702
	Waste management		83	83	83	83	83	83	83	83	83	83	83	83	998	1,073	1,138
Other																	
			13,412	13,693	13,693	13,693	13,693	13,693	13,693	13,693	13,693	13,693	13,693	10,605	160,945	170,468	187,427
Total Expenditure - Standard																	
Surplus/(Deficit) before assoc.																	
	Share of surplus/ (deficit) of associate		11,725	12,669	11,165	11,165	11,165	11,165	11,165	11,165	11,165	11,165	11,164	15,818	140,894	166,257	203,862
Surplus/(Deficit)																	
		1	11,725	12,669	11,165	11,165	11,165	11,165	11,165	11,165	11,165	11,165	11,164	15,818	140,894	166,257	203,862

Table 42 – Table SA 28 – Budgeted monthly capital expenditure (municipal votes)

NC451 Joe Morolong - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Table 43 – Table SA 29 – Budgeted monthly capital expenditure (standard classification)

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NC451 Joe Morolong - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

R thousand	Description	Ref	Budget Year 2016/17												Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June			
	Capital Expenditure - Standard																
	Governance and administration	1															
	Executive and council		-	-	1,027	-	-	-	-	-	837	-	-	857	2,720	1,333	1,340
	Budget and treasury office				40									-	40	-	-
	Corporate services				150									-	150	320	330
					837									857	2,530	1,013	1,010
	Community and public safety																
	Community and social services		1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	12,031	16,385	16,564
	Sport and recreation		439	439	439	439	439	439	439	439	439	439	439	439	5,270	4,867	4,878
	Public safety		480	480	480	480	480	480	480	480	480	480	480	480	5,761	8,880	8,880
	Housing		83	83	83	83	83	83	83	83	83	83	83	83	1,000	2,640	3,004
	Health														-	-	-
	Economic and environmental services																
	Planning and development		1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	20,474	20,474	4,215
	Road transport		1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	-	-	-
	Environmental protection														20,474	20,474	4,215
	Trading services																
	Electricity		8,508	8,508	8,508	8,508	8,508	8,508	8,508	8,508	8,508	8,508	8,508	8,508	102,101	120,024	178,978
	Water		#####	7,537	7,537	7,537	7,537	7,537	7,537	7,537	7,537	7,537	7,537	7,537	-	-	-
	Waste water management		970,960.83	971	971	971	971	971	971	971	971	971	971	971	90,450	107,282	180,484
	Waste management														11,652	12,742	18,514
	Other														-	-	-
	Total Capital Expenditure - Standard	2	11,217	11,217	12,244	11,217	11,217	11,217	11,217	11,217	12,054	11,217	11,217	12,074	137,326	158,217	201,097
	Funded by:																
	National Government		#####	10,781	10,781	10,781	10,781	10,781	10,781	10,781	10,781	10,781	10,781	10,781	129,377	148,250	191,805
	Provincial Government														-	-	-
	District Municipality														-	-	-
	Other transfers and grants														-	-	-
	Transfers recognised - capital		10,781	10,781	10,781	10,781	10,781	10,781	10,781	10,781	10,781	10,781	10,781	10,781	129,377	148,250	191,805
	Public contributions & donations														-	-	-
	Borrowing														-	-	-
	Internally generated funds		665	665	665	665	665	665	665	665	665	665	665	665	7,949	9,967	9,293
	Total Capital Funding		11,446	11,446	11,446	11,446	11,446	11,446	11,446	11,446	11,446	11,446	11,446	11,416	137,326	158,217	201,097

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Table 44 – Table SA 30 – Budgeted monthly cash flow

NC451 Joe Morolong - Supporting Table SA30 Budgeted monthly cash flow

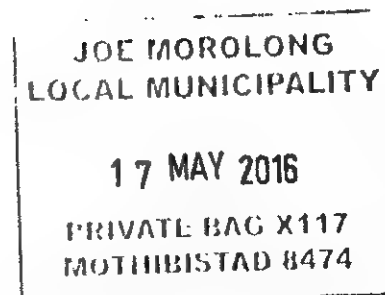
MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework	
	PRIVATE BANCING X117												BUDGET YEAR 2016/17	
	July	August	Sept.	October	November	December	January	February	March	April			Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Receipts By Source														
Property rates		10,933											10,933	11,669
Property rates - penalties & co action charges														
Service charges - electricity revenue	499	499	499	499	499	499	499	499	499	499	499	499	5,451	6,978
Service charges - water revenue	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	12,920	12,920
Service charges - sanitation revenue	117	117	117	117	117	117	117	117	117	117	117	117	1,403	1,578
Service charges - refuse revenue	65	65	65	65	65	65	65	65	65	65	65	65	829	878
Service charges - other														
Rental of facilities and equipment	7	7	7	7	7	7	7	7	7	7	7	7	84	87
Interest earned - external investments														
Interest earned - outstanding debtors	4	4	4	4	4	4	4	4	4	4	4	4	45	48
Dividends received														
Fines														
Libraries and permits														
Agency services	9	9	9	9	9	9	9	9	9	9	9	9	102	124
Transfer receipts - operational	61,489				36,708				24,164				122,361	129,578
Other revenue	86	86	86	86	86	86	86	86	86	86	86	86	1,012	1,031
Cash Receipts by Source	63,351	12,795	1,863	1,863	38,571	1,863	1,863	1,863	26,027	1,863	1,863	1,863	155,645	172,855
Other Cash Flows by Source														
Transfer receipts - capital	70,066				42,039				28,028				140,131	185,071
Contributions recognised - capital & contributed assets														
Proceeds on disposal of PPE														
Short term loans														
Borrowing long term/refinancing														
Increase (decrease) in consumer deposits														
Decrease (increase) in non-current debtors														
Decrease (increase) in non-current receivables														
Total Cash Receipts by Source	133,417	12,795	1,863	1,863	80,610	1,863	1,863	1,863	54,055	1,863	1,863	1,863	255,775	357,932
Cash Payments by Type														
Employee related costs	4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448	53,375	50,945
Remuneration of councillors	768	768	768	768	768	768	768	768	768	768	768	768	9,221	9,959
Finance charges	79	79	79	79	79	79	79	79	79	79	79	79	943	962
Bulk purchases - Electricity	535	535	535	535	535	535	535	535	535	535	535	535	6,422	7,237
Bulk purchases - Water & Sewer	472	472	472	472	472	472	472	472	472	472	472	472	5,653	6,339
Other materials														
Contracted services	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	22,585	25,181
Transfers and grants - other municipalities	412	412	412	412	412	412	412	412	412	412	412	412	4,938	5,378
Transfers and grants - other	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	34,590	38,088
Other expenditure														
Cash Payments by Type	11,478	11,478	11,478	11,478	11,478	11,478	11,478	11,478	11,478	11,478	11,478	11,478	137,738	150,256
Other Cash Flows/Payments by Type														
Capital assets	12,442	12,442	12,442	12,442	12,442	12,442	12,442	12,442	12,442	12,442	12,442	12,442	149,310	173,655
Repayment of borrowing						392							784	784
Other Cash Flows/Payments														
Total Cash Payments by Type	23,921	23,921	23,921	23,921	23,921	23,921	23,921	23,921	23,921	23,921	23,921	23,921	287,833	316,835
NET INCREASE/(DECREASE) IN CASH HELD	109,496	(11,125)	(22,058)	(22,058)	(22,058)	(22,058)	(22,058)	(22,058)	(22,058)	(22,058)	(22,058)	(22,058)	(22,058)	(22,058)
Cash/cash equivalents at the monthly year begin.	2,055	111,551	100,426	78,367	56,309	112,999	90,549	68,490	46,432	76,564	54,506	32,448	2,055	9,998
Cash/cash equivalents at the monthly year end:	111,551	100,426	78,367	56,309	112,999	90,549	68,490	46,432	76,564	54,506	32,448	2,055	9,998	22,352

2.13 Contracts having future budgetary implication

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years).

2.14 Capital expenditure details

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.



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Table 44: Table SA 34a - Capital expenditure on new assets by asset class

NC451 Joe Morolong - Supporting Table SA34a Capital expenditure on new assets by asset class

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure			227,008	129,362	166,879	107,569	128,510	128,510	122,575	140,498	183,194
Infrastructure - Road transport			74,917	29,361	40,570	17,555	25,826	25,826	20,474	20,474	4,215
Roads, Pavements & Bridges			74,917	29,361	40,570	17,555	25,826	25,826	20,474	20,474	4,215
Storm water											
Infrastructure - Electricity			6,016	--	--	--	--	--	--	--	--
Generation											
Transmission & Retiulation			6,016								
Street Lighting											
Infrastructure - Water			135,118	80,616	109,290	69,140	82,010	82,010	90,450	107,282	160,464
Dams & Reservoirs											
Water purification											
Retiulation			135,118	80,616	109,290	69,140	82,010	82,010	90,450	107,282	160,464
Infrastructure - Sanitation			10,957	19,386	17,018	20,874	20,674	20,674	11,652	12,742	18,514
Retiulation			10,957	19,386	17,018	20,874	20,674	20,674	11,652	12,742	18,514
Sewerage purification											
Infrastructure - Other			--	--	--	--	--	--	--	--	--
Waste Management											
Transportation											
Gas											
Other											
Community			14,805	--	11,649	14,721	6,371	6,371	10,831	13,222	13,726
Parks & gardens						35	35	35	20	42	45
Sportsfields & stadia						8,350	--	--	5,761	8,680	8,680
Swimming pools											
Community halls			14,805		11,649	4,000	4,000	4,000	4,000	4,600	5,000
Libraries											
Recreational facilities											
Fire, safety & emergency											
Security and policing											
Other											
Clinics											
Museums & Art Galleries											
Cemeteries						2,336	2,336	2,336	1,050		
Social rental housing											
Other											
Heritage assets			--	--	--	--	--	--	--	--	--
Buildings											
Other											
Investment properties			--	--	--	--	--	--	--	--	--
Housing development											
Other											
Other assets			4,342	1,416	2,998	3,028	3,288	3,288	3,520	3,827	3,449
General vehicles			3,588	821	1,378	--	--	--	200	--	--
Specialised vehicles			--	--	--	--	--	--	--	--	--
Plant & equipment				141	--	200	160	160	80	567	160
Computers - hardware/equipment			778	654	(15)	180	5	5	440	420	285
Furniture and other office equipment					--	160	185	185			
Abattoirs					--	--	--	--			
Markets					--	--	--	--			
Civic Land and Buildings					--	--	--	--			
Other Buildings					--	2,433	2,883	2,883	2,800	2,840	3,004
Other Land					--	--	--	--			
Surplus Assets - (Investment or Inventory)					--	--	--	--			
Other					1,635	55	55	55			
Agricultural assets			--	--	--	--	--	--	--	--	--
List sub-class											
Biological assets			--	--	--	--	--	--	--	--	--
List sub-class											
Intangibles			--	367	246	365	345	345	400	670	730
Computers - software & programming											
Other (list sub-class)				367	246	365	345	345	400	670	730
Total Capital Expenditure on new assets		1	246,156	131,146	181,772	125,683	138,515	138,515	137,326	158,217	201,097
Specialised vehicles											
Refuse			--	--	--	--	--	--	--	--	--
Fire											
Conservancy											
Ambulances											

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PRIVATE BAG X117
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Table 45: Table SA 34b - Capital expenditure on renewal existing assets by asset class

NC451 Joe Morolong - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges		-	-	-	-	-	-	-	-	-
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadiums		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civil Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	1	-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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Table 46: Table SA 34c – Repairs and maintenance expenditure by asset class

NC451 Joe Morolong - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		6,129	15,228	7,145	26,268	30,811	30,811	15,705	21,716	5,180
Infrastructure - Road transport		152	78	314	243	161	161	126	277	277
Roads, Pavements & Bridges		152	78	314	243	161	161	126	277	277
Storm water										
Infrastructure - Electricity		-	-	-	200	270	270	630	979	1,035
Generation										
Transmission & Retention					200	270	270	630	979	1,035
Street Lighting										
Infrastructure - Water		3,763	14,289	1,693	25,700	30,150	30,150	14,804	20,329	3,617
Dams & Reservoirs										
Water purification					650	550	550	450	476	723
Reticulation		3,763	14,289	1,693	25,050	29,600	29,600	14,354	19,853	2,894
Infrastructure - Sanitation		-	13	84	110	165	165	145	118	234
Reticulation			13	84	110	165	165	145	118	234
Sewerage purification										
Infrastructure - Other		2,215	848	5,053	15	65	65	-	16	17
Waste Management			303		15	65	65		16	17
Transportation										
Gas										
Other		2,215	545	5,053						
Community		16	187	2	60	25	25	21	22	24
Parks & gardens										
Sportsfields & stadia		16	36	0	20	5	5	21	22	24
Swimming pools										
Community halls			152	1	25	-	-	-	-	-
Libraries										
Recreational facilities										
Fire, safety & emergency					20	20	20	-	-	-
Security and policing										
Buildings										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other					15	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other										
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		5,538	2,800	3,992	210	713	713	503	533	598
General vehicles		1,059	506	656	70	73	73	173	183	78
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		3	40	27	-	-	-	-	-	-
Computers - hardware/equipment		121	92	-	10	210	210	80	100	120
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings		292	262	343	130	430	430	250	350	400
Other Land		-	-	970						
Surplus Assets - (Investment or Inventory)										
Other		4,063	1,900	1,996						
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	110	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)				110						
Total Repairs and Maintenance Expenditure	1	11,683	18,215	11,248	26,558	31,548	31,548	16,229	22,371	5,802
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
R&M as a % of PPE		1.1%	1.6%	0.9%	2.1%	2.3%	2.3%	1.0%	1.2%	0.3%
R&M as % Operating Expenditure		4.3%	11.6%	12.5%	16.2%	17.2%	17.3%	10.1%	13.1%	3.5%

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Table 47: Table SA 36 – Detailed capital budget per municipal vote

Municipal Vote/Capital project	Program/Project description	Asset Class	Asset Sub-Class	GPS co-ordinates	Prior year outcomes		2016/17 Medium Term Expenditure Framework			Project information	
					Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
R thousand		3	3	5							
Parent municipality: List all capital projects grouped by Municipal Vote											
Water Unit	Masehoatshe Water Reticulation	Infrastructure - Water	Reticulation	S-27°03,45'54" E- 23°58,28'18"			7,120				New
Water Unit	Manyeding Water Reticulation	Infrastructure - Water	Reticulation	S-26°49,47'27" E- 23°32,24,72"			4,620				New
Water Unit	Setshwats'waneng Water Reticulation	Infrastructure - Water	Reticulation				5,320				
Water Unit	Kome Water Reticulation	Infrastructure - Water	Reticulation	S-26°26,06'38" E- 23°05,53,57"				7,120			New
Water Unit	Makhubung Water Reticulation	Infrastructure - Water	Reticulation	S-26°19,04'90" E- 23°06,07,29"				4,620			New
Water Unit	Water Reticulation	Infrastructure - Water	Reticulation						30,908		New
Water Unit	Perth Water Reticulation	Infrastructure - Water	Reticulation	S-26°27,28'20" E- 23°05,15,57"				5,320			New
Technical Service	Makhubung Road	Infrastructure - Road transport	Roads, Pavements & Bridges	S-26°19,08'55" E- 23°06,09,18"			5,000				New
Technical Service	Gamaigatle Road	Infrastructure - Road transport	Roads, Pavements & Bridges	S-27°05,15'05" E- 23°55,31,74"			6,000				New
Technical Service	Churchill & Esperanza Roads	Infrastructure - Road transport	Roads, Pavements & Bridges	S-26°49,17'16" E- 23°12,24,05"			5,000	20,474			New
Technical Service	Dithakong Road	Infrastructure - Road transport	Roads, Pavements & Bridges				4,474				New
Technical Service	Padstow Road	Infrastructure - Road transport	Roads, Pavements & Bridges	S-26°49,17'63" E- 23°12,24,40"					4,215		New
Community Service	Magobing West Sanitation	Infrastructure - Sanitation	Reticulation	S-27°05,27'85" E- 23°4,46,31"			2,250				New
Community Service	Van zyl Rus Sanitation	Infrastructure - Sanitation	Reticulation				930				New
Community Service	Tsineng Sanitation	Infrastructure - Sanitation	Reticulation				4,000				New
Community Service	Maibeng Sanitation	Infrastructure - Sanitation	Reticulation				1,797				New
Community Service	Rusfontein Sanitation	Infrastructure - Sanitation	Reticulation	S-27°8,3'95" E- 23°07,23,27"			465				New
Community Service	Wesselsvlei Sanitation	Infrastructure - Sanitation	Reticulation	S-26°55,02'20" E- 23°15,37,38"			1,280				New

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Water Unit	Metsimantsi Wyk 7 Water Supply	Infrastructure - Water	Reficulation	S-27°00'28,08" E- 23°12,31,89'	-	4,061		New
Water Unit	Laxey Water Supply	Infrastructure - Water	Reficulation	S-26°43'26,01" E- 23°09,32,56'	-	12,805		New
Water Unit	Logobate Water Supply	Infrastructure - Water	Reficulation	S-27°10'15,97" E- 23°24,50,85'	-	10,900		New
Water Unit	Water Reficulation	Infrastructure - Water	Reficulation	S-27°10'15,97" E- 23°24,50,85'	-	6,950	129,340	New
Water Unit	Purchase of PVC Tanks	Infrastructure - Water	Other		209	221	234	New
Community Service	Construction of Hall	Community	Community halls		4,000	4,500	5,000	New
Community Service	Construction of Cemeteries	Community	Cemeteries		1,050			New
Community Service	Construction of Traffic testing station	Other Assets	Buildings		1,000	2,840	3,004	New
Community Service	Purchase of tractor and trailer	Other Assets	General vehicles		200			New
Community Service	Purchase of Computer	Other Assets	Computers - hardware/equipment		50	53	56	New
Community Service	Purchase of Camera	Other Assets	Computers - hardware/equipment		10	11	11	New
Community Service	Purchase of equipment	Other Assets	Plant & equipment		20	42	45	New
Budget & Treasury Office	Purchase of Computer	Other Assets	Computers - hardware/equipment		150	70	50	New
Budget & Treasury Office	Purchase of Software	Other Assets	Computers - software & programming		-	250	280	New
Corporate Service	Fencing of municipal yard	Other Assets	Other Buildings		1,800			Renewal
Corporate Service	Purchase of Office Furniture	Other Assets	Furniture and other office equipment		50	505	160	New
Corporate Service	Purchase of Water Dispenser	Other Assets	Furniture and other office equipment		20			
Corporate Service	Purchase of Computer	Other Assets	Computers - hardware/equipment		250	350	150	New
Corporate Service	Purchase of Software	Other Assets	Computers - hardware/equipment		400	420	450	New
Municipal Manager	Purchase of Camera	Other Assets	Computers - hardware/equipment		40			
Parent Capital expenditure					137,326	158,217	201,097	
Entity Capital expenditure					-	-	-	
Total Capital expenditure					137,326	158,217	201,097	

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2.14 Legislation Compliance Status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.

2. Internship programme

The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Budget & Treasury Office. Since the introduction of the Internship programme the municipality has successfully employed 8 of the trained 17 interns through whereby 5 interns resigned during the programme and a majority of those who completed the programme were appointed in the municipality.

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3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2016/17 MTREF in May 2016 directly aligned and informed by the 2016/17 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

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2.14 Other supporting documents

Table 48: Table SA 1 – Supporting details to Budgeted Financial Performance

NC451 Joe Morolong - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
REVENUE ITEMS:											
Property rates											
Total Property Rates		30,137	32,142	12,134	30,370	30,370	30,370		32,496	34,770	37,204
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		23,212	28,771		19,881	13,483	13,483		19,633	21,136	22,752
Net Property Rates		6,925	3,371	12,134	10,489	16,887	16,887	–	12,863	13,634	14,452
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		5,177	4,914	4,555	6,569	4,259	4,259		7,038	7,602	8,210
less Revenue Foregone (in excess of 50 kwh per indigent household per month)		–	–	–	–	–	–		–	–	–
less Cost of Free Basis Services (50 kwh per indigent household per month)		–	–	–	–	–	–		–	–	–
Net Service charges - electricity revenue		5,177	4,914	4,555	6,569	4,259	4,259	–	7,038	7,602	8,210
Service charges - water revenue	6										
Total Service charges - water revenue		10,262	5,315	13,571	6,798	6,798	6,798		15,200	15,200	15,200
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)		–	–	–	–	–	–		–	–	–
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		–	–	–	–	–	–		–	–	–
Net Service charges - water revenue		10,262	5,315	13,571	6,798	6,798	6,798	–	15,200	15,200	15,200
Service charges - sanitation revenue	6										
Total Service charges - sanitation revenue		1,141	1,439	1,557	1,585	1,910	1,910		1,650	1,749	1,854
less Revenue Foregone (in excess of free sanitation service to indigent households)		–	–	–	–	–	–		–	–	–
less Cost of Free Basis Services (free sanitation service to indigent households)		–	–	–	–	–	–		–	–	–
Net Service charges - sanitation revenue		1,141	1,439	1,557	1,585	1,910	1,910	–	1,650	1,749	1,854
Service charges - refuse revenue	6										
Total refuse removal revenue		652	838	868	960	1,078	1,078		920	975	1,033
Total landfill revenue		–	–	–	–	–	–		–	–	–
less Revenue Foregone (in excess of one removal a week to indigent households)		–	–	–	–	–	–		–	–	–
less Cost of Free Basis Services (removed once a week to indigent households)		–	–	–	–	–	–		–	–	–
Net Service charges - refuse revenue		652	838	868	960	1,078	1,078	–	920	975	1,033
Other Revenue by source											
Tender Deposit		67	69	246	120	120	120		127	135	142
Grading Fees		23		3	16	8			90	95	101

Cemetery Fees		0	0	0	0	0	0	-	-	-	
Photocopies				-	5	5	5	3	4	4	
Telephone Account Private		(27)	29	119	68	92	92	111	69	70	
Cellphone deductions				-	110	110	110	30	25	20	
Library Fines				-	1	0	0	-	-	-	
Connection Fees		38	20	226	217	109	109	230	230	230	
OTHER		2,584	905	134	33	8,332	8,332	551	926	987	
Renting Property				5		-	-	-	-	-	
Parking Fees		-	-	-	12	12	12	70	75	80	
Insurance Claim Received	3	609		17		524	524	-	-	-	
Total 'Other' Revenue	1	3,296	1,022	751	582	9,311	9,311	-	1,212	1,557	1,633
EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	17,864	20,713	47,447	29,815	30,214	30,214	31,840	33,646	35,526	
Pension and UIF Contributions		2,654	3,705		5,875	5,076	5,076	6,006	6,341	6,747	
Medical Aid Contributions		1,762	2,170		2,689	3,014	3,014	2,623	2,881	3,134	
Overtime		1,056	1,513		632	1,689	1,689	1,163	1,233	1,308	
Performance Bonus		950	1,679		2,429	2,849	2,849	2,392	2,487	2,636	
Motor Vehicle Allowance		3,434	5,108		4,005	5,202	5,202	4,355	4,444	4,710	
Cellphone Allowance		608	498		641	630	630	1,202	1,255	1,320	
Housing Allowances		341	519		2,629	2,518	2,518	2,982	3,140	3,325	
Other benefits and allowances		396	1,121		410	468	468	416	427	453	
Payments in lieu of leave		(1,184)	-		75	45	45				
Long service awards		92	-			-					
Post-retirement benefit obligations	4										
sub-total	5	27,974	37,025	47,447	49,199	51,705	51,705	-	52,979	55,854	59,157
<u>Less: Employees costs capitalised to PPE</u>											
Total Employee related costs	1	27,974	37,025	47,447	49,199	51,705	51,705	-	52,979	55,854	59,157
<u>Contributions recognised - capital</u>											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
<u>Depreciation & asset impairment</u>											
Depreciation of Property, Plant & Equipment		20,507	24,326	26,491	10,000	10,000	10,000	10,000	11,580	13,000	
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	20,507	24,326	26,491	10,000	10,000	10,000	-	10,000	11,580	13,000
<u>Bulk purchases</u>											
Electricity Bulk Purchases		2,194	7,002		5,699	6,326	6,326	6,422	7,237	7,237	
Water Bulk Purchases		6,733	4,016		5,148	3,348	3,348	5,663	5,991	6,339	
Total bulk purchases	1	8,926	11,018	-	10,847	9,674	9,674	-	12,085	13,228	13,576
<u>Transfers and grants</u>											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		115,727	13,705	18,379	4,730	4,927	4,927	4,938	5,391	5,376	
Total transfers and grants	1	115,727	13,705	18,379	4,730	4,927	4,927	4,938	5,391	5,376	
<u>Contracted services</u>											
Nashua Mobile											
Vyssem Trading cc											
Steiner											
Software License											
Internet - Telkom											
Toshiba											
Santam					350	350	350				
Security Service					1,700	2,750	2,750				
Other		82	168	466	1,148	1,199	1,199	3,665	3,815	4,003	
Fleet Lease					17,200	14,401	14,401	18,920	18,920	18,920	

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sub-total	1	82	168	466	20,398	18,700	18,700	—	22,585	22,735	22,923
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		82	168	466	20,398	18,700	18,700	—	22,585	22,735	22,923
Other Expenditure By Type											
Collection costs				—	—	—					
Contributions to 'other' provisions											
Consultant fees		13,124	8,362	3,115	5,955	8,530	8,530	7,650	7,679	7,857	
Audit fees		1,187	4,791	3,901	3,987	3,118	3,118	2,675	2,793	3,505	
General expenses	3	1,281	2,009	13,110	1,540	9,168	9,168	—	—	—	
Free Basic Services		3,270	2,724								
Repair & Maintenance		11,683	18,215		26,558	30,893	30,893	16,229	17,871	5,802	
Community Participation		606	579	—	370	2,000	2,000	600	529	560	
Fuel & Oil		3,193	5,170	4,978	3,950	5,827	5,827	4,500	4,561	4,800	
Pump Operating Cost		1,163	1,360	1,773	2,112	1,812	1,812	1,800	1,904	2,015	
Telephone & Fax		2,664	3,281	3,522	620	820	820	370	400	420	
Travelling & Subsistence		2,984	2,962	3,285	2,617	4,004	4,004	2,457	2,260	3,109	
Ward Committees		(11)	1,309	1,209	1,300	1,300	1,300	905	957	1,013	
Advertising, Printing & Stationery		703	506	806	636	488	488	457	610	575	
Training Costs		200	54	926	970	970	970	844	1,060	1,178	
Electricity: Office & Borehole		—	363	32	2,440	1,940	1,940	2,050	2,196	2,400	
Branding & Publications		289	375	734	663	796	796	420	444	470	
Uniform		2	30	217	250	450	450	250	265	500	
Cleaning Material		95	73	1,112	80	100	100	130	138	146	
Security		797	969	963		—	—	2,100	2,150	2,200	
Community Development & Training		4,327	2,692	615		—	—				
Departmental Expenses		6,317	3,279	3,392		—	—				
Insurance		—	428	591		—	—				
Motor Vehicle Expense		3,630	694	3,541		—	—				
Valuation Roll Expense		—	1,131	635	100	100	100	150	159	168	
SALGA LEVIES					500	500	500	550	600	650	
Target Groups					350	565	565	210	238	252	
Total 'Other' Expenditure	1	57,503	61,354	48,457	55,048	73,381	73,381	—	44,347	46,814	37,619
Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials											
Contracted Services		11,683	18,215	11,248	26,558	31,548	31,548	16,229	22,371	5,802	
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	11,683	18,215	11,248	26,558	31,548	31,548	—	16,229	22,371	5,802

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Table 49: Table SA 2 – Matrix Financial Performance Budget (revenue source/expenditure type and department) MAY 2016

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Description	Vote 1 - Executive & Council	Vote 2 - Budget & Treasury Office	Vote 3 - Corporate Support Services	Vote 4 - Community Services	Vote 5 - Technical Services	Vote 6 - Electricity Services	Vote 7 - Water Services	Vote 8 - Development & Town Planning Services	Total
R thousand									
Revenue By Source									
Property rates		12,863				7,038			12,863
Property rates - penalties & collection charges									-
Service charges - electricity revenue							15,200		7,038
Service charges - water revenue									15,200
Service charges - sanitation revenue				1,650					1,650
Service charges - refuse revenue				920					920
Service charges - other			43						-
Rental of facilities and equipment			50						93
Interest earned - external investments		50							-
Interest earned - outstanding debtors									50
Dividends received									-
Fines									-
Licences and permits									-
Agency services				120					120
Other revenue	6,315	130	262	2,591	90		730		1,212
Transfers recognised - operational		110,563			2,892				122,361
Gains on disposal of PPE									-
Total Revenue (excluding capital transfers and contributions)	6,315	123,606	312	5,325	2,982	7,038	15,930	-	161,508
Expenditure By Type									
Employee related costs	4,526	10,675	7,749	8,986	5,165	363	12,820	2,695	52,979
Remuneration of councillors	10,015								10,015
Debt impairment		3,053							3,053
Depreciation & asset impairment		10,000							10,000
Finance charges		943				6,422	5,663		943
Bulk purchases									12,085
Other materials		350	3,220		95		18,920		-
Contracted services						2,420	2,518		22,585
Transfers and grants				1,204	370	980	20,018	1,460	4,938
Other expenditure	4,200	13,067	3,049						44,347
Loss on disposal of PPE									-
Total Expenditure	18,741	38,089	14,017	10,190	5,630	10,185	59,939	4,155	160,945
Surplus/(Deficit)	(12,426)	85,517	(13,705)	(4,865)	(2,648)	(3,146)	(44,009)	(4,155)	563
Transfers recognised - capital					54,947		85,184		140,131
Contributions recognised - capital									-
Contributed assets									-
Surplus/(Deficit) after capital transfers & contributions	(12,426)	85,517	(13,705)	(4,865)	52,299	(3,146)	41,175	(4,155)	140,694

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Table 50: Table SA 3 – Supporting details to Budgeted Financial Position

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NC451 Joe Morolong - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

NC451 Joe Morrong - Supporting Table SA3 Supporting detail to Budgeted Financial Position											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Call Investment deposits	2										
Call deposits < 90 days		1,980	17,475		257	257	257		260	263	266
Other current investments > 90 days											
Total Call Investment deposits		1,980	17,475	—	257	257	257	—	260	263	266
Consumer debtors	2										
Consumer debtors		126,416	135,603	58,131	6,238	6,238	6,238		6,549	6,877	6,987
Less: Provision for debt impairment		(109,290)	(111,626)		(1,322)	(1,322)	(1,322)		(1,394)	(1,471)	(1,581)
Total Consumer debtors		19,126	23,976	58,131	4,916	4,916	4,916	—	5,155	5,406	5,406
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
Balance at end of year		—	—	—	—	—	—	—	—	—	—
Property, plant and equipment (PPE)	3										
PPE at cost/valuation (excl. finance leases)		1,116,041	1,246,819	1,228,269	1,356,115	1,494,880	1,494,880		1,644,189	1,809,261	2,004,198
Leases recognised as PPE		63,508	87,765		94,123	94,123	94,123				
Less: Accumulated depreciation											
Total Property, plant and equipment (PPE)	2	1,052,533	1,159,054	1,228,269	1,261,992	1,400,757	1,400,757	—	1,644,189	1,809,261	2,004,198
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		627	627	785	784	784	784		784	784	784
Current portion of long-term liabilities											
Total Current liabilities - Borrowing		627	627	785	784	784	784	—	784	784	784
Trade and other payables	2										
Trade and other creditors		90,855	44,594	40,151	12,664	12,664	12,664		13,170	13,697	13,697
Unspent conditional transfers									—	—	—
VAT			526		550	550	550		570	590	590
Total Trade and other payables		90,855	45,120	40,151	13,214	13,214	13,214	—	13,740	14,287	14,287
Non current liabilities - Borrowing	4										
Borrowing		3,536	2,310	1,803	2,516	2,516	2,516		2,124	1,724	1,424
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		3,536	2,310	1,803	2,516	2,516	2,516	—	2,124	1,724	1,424
Provisions - non-current											
Retirement benefits											
List other major provision items											
Refuse landfill site rehabilitation		1,551	1,884	1,565	1,629	1,629	1,629		1,710	1,796	1,896
Other											
Total Provisions - non-current		1,551	1,884	1,565	1,629	1,629	1,629	—	1,710	1,796	1,896
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		1,022,051	1,085,574	1,232,604	1,137,129	1,275,894	1,275,894		1,506,868	1,675,298	1,828,783
GRAP adjustments											
Restated balance		1,022,051	1,085,574	1,232,604	1,137,129	1,275,894	1,275,894	—	1,506,868	1,675,298	1,828,783
Surplus/(Deficit)		(32,207)	65,046	210,605	126,383	120,529	121,503	—	140,694	166,257	203,862
Appropriations to Reserves											
Transfers from Reserves									13,840	12,750	(6,767)
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	989,844	1,150,620	1,443,209	1,263,513	1,396,423	1,397,397	—	1,661,403	1,854,305	2,025,878
Reserves	2										
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves		—	—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	2	989,844	1,150,620	1,443,209	1,263,513	1,396,423	1,397,397	—	1,661,403	1,854,305	2,025,878

Total capital expenditure includes expenditure on nationally significant priorities:

Provision of basic services											
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Table 51: Table SA 32 – List of external mechanism

NC451 Joe Morolong - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Sebata Municipal Solution	Yrs		Licencing of Sebata Financial System	31 July 2013	280
Eskom	Yrs	1	Electricity supply agreement with in other municipal areas(FBS)	Yearly	2,148
Mmabasothe Tax Consultant	Yrs	2	Review of transaction on a contingency basis (VAT)	30 April 2018	25% of the Claim
Nashua Mobile	Yrs	7	Installation of Nashua sim routers	N/A but has Termination option	160
Northern Cape Advanced Wireless	Mths	36	Copiers and Fax machine hire	30 April 2019	1,775
Telkom SA Limited	Yrs	5	TI-DIS Silver Access agreement	08 May 2017	
Telkom SA Limited	Yrs	5	Office Telephone PBX	On-going	385
Telkom SA Limited	Yrs	5	Service rental (diginet term discount agreement)	23 April 2017	36
kom SA Limited	Yrs	5	Service rental (diginet term discount agreement)	23 April 2017	36

**JOE MOROLONG
LOCAL MUNICIPALITY**

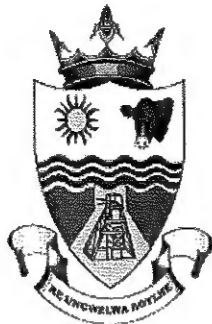
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2.15 Municipal Manager's Quality Certificate

JOE MOROLONG LOCAL MUNICIPALITY



JOE MOROLONG
LOCAL MUNICIPALITY

NC 451

QUALITY CERTIFICATE

I, Tshepo Macdonald Bloom, Municipal Manager of JOE MOROLONG LOCAL MUNICIPALITY, hereby certify that the Draft Annual Budget and Supporting Documentation have been prepared in accordance with the Municipal Finance Management Act; (Act 56 of 2003) and regulations made under the act and that the Annual Budget are consistent with the Integrated Development Plan of the municipality.

PRINT NAME: Tshepo Macdonald Bloom
Municipal Manager of JOE MOROLONG LOCAL MUNICIPALITY (NC 451)

Signature: [Signature]

Date: 17/05/16

